

Form 3160-3
(June 2015)FORM APPROVED
OMB No. 1004-0137
Expires: January 31, 2018

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of work: ☐ DRILL ☐ REENTER 1b. Type of Well: ☐ Oil Well ☐ Gas Well ☐ Other 1c. Type of Completion: ☐ Hydraulic Fracturing ☐ Single Zone ☐ Multiple Zone		5. Lease Serial No. 6. If Indian, Allottee or Tribe Name 7. If Unit or CA Agreement, Name and No. 8. Lease Name and Well No.
2. Name of Operator		9. API Well No. 3001547971
3a. Address	3b. Phone No. (include area code)	10. Field and Pool, or Exploratory
4. Location of Well (Report location clearly and in accordance with any State requirements. *) At surface At proposed prod. zone		11. Sec., T. R. M. or Blk. and Survey or Area
14. Distance in miles and direction from nearest town or post office*		12. County or Parish
13. State		
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any)	16. No of acres in lease	17. Spacing Unit dedicated to this well
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft.	19. Proposed Depth	20. BLM/BIA Bond No. in file
21. Elevations (Show whether DF, KDB, RT, GL, etc.)	22. Approximate date work will start*	23. Estimated duration
24. Attachments		

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No. 1, and the Hydraulic Fracturing rule per 43 CFR 3162.3-3 (as applicable)

- | | |
|---|---|
| 1. Well plat certified by a registered surveyor.
2. A Drilling Plan.
3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO must be filed with the appropriate Forest Service Office). | 4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).
5. Operator certification.
6. Such other site specific information and/or plans as may be requested by the BLM. |
|---|---|

25. Signature	Name (Printed/Typed)	Date
Title		
Approved by (Signature)	Name (Printed/Typed)	Date
Title		
Office		

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.
 Conditions of approval, if any, are attached.

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

(Continued on page 2)

*(Instructions on page 2)



INSTRUCTIONS

GENERAL: This form is designed for submitting proposals to perform certain well operations, as indicated on Federal and Indian lands and leases for action by appropriate Federal agencies, pursuant to applicable Federal laws and regulations. Any necessary special instructions concerning the use of this form and the number of copies to be submitted, particularly with regard to local, area, or regional procedures and practices, either are shown below or will be issued by, or may be obtained from local Federal offices.

ITEM I: If the proposal is to redrill to the same reservoir at a different subsurface location or to a new reservoir, use this form with appropriate notations. Consult applicable Federal regulations concerning subsequent work proposals or reports on the well.

ITEM 4: Locations on Federal or Indian land should be described in accordance with Federal requirements. Consult local Federal offices for specific instructions.

ITEM 14: Needed only when location of well cannot readily be found by road from the land or lease description. A plat, or plats, separate or on the reverse side, showing the roads to, and the surveyed location of, the well, and any other required information, should be furnished when required by Federal agency offices.

ITEMS 15 AND 18: If well is to be, or has been directionally drilled, give distances for subsurface location of hole in any present or objective productive zone.

ITEM 22: Consult applicable Federal regulations, or appropriate officials, concerning approval of the proposal before operations are started.

ITEM 24: If the proposal will involve hydraulic fracturing operations, you must comply with 43 CFR 3162.3-3, including providing information about the protection of usable water. Operators should provide the best available information about all formations containing water and their depths. This information could include data and interpretation of resistivity logs run on nearby wells. Information may also be obtained from state or tribal regulatory agencies and from local BLM offices.

NOTICES

The Privacy Act of 1974 and regulation in 43 CFR 2.48(d) provide that you be furnished the following information in connection with information required by this application.

AUTHORITY: 30 U.S.C. 181 et seq., 25 U.S.C. 396; 43 CFR 3160

PRINCIPAL PURPOSES: The information will be used to: (1) process and evaluate your application for a permit to drill a new oil, gas, or service well or to reenter a plugged and abandoned well; and (2) document, for administrative use, information for the management, disposal and use of National Resource Lands and resources including (a) analyzing your proposal to discover and extract the Federal or Indian resources encountered; (b) reviewing procedures and equipment and the projected impact on the land involved; and (c) evaluating the effects of the proposed operation on the surface and subsurface water and other environmental impacts.

ROUTINE USE: Information from the record and/or the record will be transferred to appropriate Federal, State, and local or foreign agencies, when relevant to civil, criminal or regulatory investigations or prosecution, in connection with congressional inquiries and for regulatory responsibilities.

EFFECT OF NOT PROVIDING INFORMATION: Filing of this application and disclosure of the information is mandatory only if you elect to initiate a drilling or reentry operation on an oil and gas lease.

The Paperwork Reduction Act of 1995 requires us to inform you that:

The BLM connects this information to an evaluation of the technical, safety, and environmental factors involved with drilling for oil and/or gas on Federal and Indian oil and gas leases. This information will be used to analyze and approve applications. Response to this request is mandatory only if the operator elects to initiate drilling or reentry operations on an oil and gas lease. The BLM would like you to know that you do not have to respond to this or any other Federal agency-sponsored information collection unless it displays a currently valid OMB control number.

BURDEN HOURS STATEMENT: Public reporting burden for this form is estimated to average 8 hours per response, including the time for reviewing instructions, gathering and maintaining data, and completing and reviewing the form. Direct comments regarding the burden estimate or any other aspect of this form to U.S. Department of the Interior, Bureau of Land Management (1004-0137), Bureau Information Connection Clearance Officer (WO-630), 1849 C Street, N.W., Mail Stop 401 LS, Washington, D.C. 20240.

Additional Operator Remarks

Location of Well

0. SHL: SWSW / 1015 FSL / 65 FWL / TWSP: 19S / RANGE: 29E / SECTION: 35 / LAT: 32.6126937 / LONG: -104.0539449 (TVD: 0 feet, MD: 0 feet)

PPP: NESE / 1730 FSL / 1320 FEL / TWSP: 19S / RANGE: 29E / SECTION: 35 / LAT: 32.614571 / LONG: -104.041344 (TVD: 9283 feet, MD: 12898 feet)

PPP: NWSW / 1665 FSL / 79 FWL / TWSP: 19S / RANGE: 29E / SECTION: 35 / LAT: 32.6144734 / LONG: -104.0538996 (TVD: 8867 feet, MD: 8906 feet)

BHL: NESE / 1730 FSL / 10 FEL / TWSP: 19S / RANGE: 29E / SECTION: 36 / LAT: 32.6144414 / LONG: -104.0198632 (TVD: 9417 feet, MD: 19528 feet)

BLM Point of Contact

Name: Gavin Mickwee

Title: Land Law Examiner

Phone: (575) 234-5972

Email: gmickwee@blm.gov

Review and Appeal Rights

A person contesting a decision shall request a State Director review. This request must be filed within 20 working days of receipt of the Notice with the appropriate State Director (see 43 CFR 3165.3). The State Director review decision may be appealed to the Interior Board of Land Appeals, 801 North Quincy Street, Suite 300, Arlington, VA 22203 (see 43 CFR 3165.4). Contact the above listed Bureau of Land Management office for further information.

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 Road, Aztec, NM 87410
Phone: (505) 334-6178 Fax: (505) 334-6170

District IV

1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102

Revised August 1, 2011

Submit one copy to appropriate

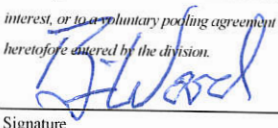
District Office

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-015- 47971		² Pool Code 49637		³ Pool Name PARKWAY; WOLFCAMP	
⁴ Property Code 329994		⁵ Property Name SILVER BAR 35 FED STATE COM			⁶ Well Number 133H
⁷ OGRID No. 371449		⁸ Operator Name COLGATE OPERATING, LLC			⁹ Elevation 3335.8
¹⁰ Surface Location					
UL or lot no. M	Section 35	Township 19 S	Range 29 E	Lot Idn 1015	Feet from the SOUTH
				North/South line WEST	Feet from the 65
				East/West line WEST	County EDDY
¹¹ Bottom Hole Location If Different From Surface					
UL or lot no. I	Section 36	Township 19 S	Range 29 E	Lot Idn 1730	Feet from the SOUTH
				North/South line EAST	Feet from the 10
				East/West line EAST	County EDDY
¹² Dedicated Acres 320.00		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.

¹⁷ OPERATOR CERTIFICATION 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 leased 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 a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.  3-6-20 Signature _____ Date _____ BRIAN WOOD Printed Name _____ brian@permitswest.com E-mail Address _____ 505 466-8120	
¹⁸ 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. FEBRUARY 25, 2020 Date of Survey _____  Signature and Seal of Professional Surveyor _____ Certificate Number: FILIMON F. JARAMILLO, PLS 12797 SURVEY NO. 7735A	

Intent ☐ YES ☒ As Drilled ☐

API #		
Operator Name: COLGATE ENERGY, LLC	Property Name: SILVER BAR 35 FED STATE COM	Well Number 133H

Kick Off Point (KOP)

UL	Section	Township	Range	Lot	Feet	From N/S	Feet	From E/W	County
Latitude					Longitude			NAD	

First Take Point (FTP)

UL	Section	Township	Range	Lot	Feet	From N/S	Feet	From E/W	County
L	35	19S	29E		1730	SOUTH	100	WEST	EDDY
Latitude 32.6146573					Longitude 104.0538249			NAD 83	

Last Take Point (LTP)

UL	Section	Township	Range	Lot	Feet	From N/S	Feet	From E/W	County
I	36	19S	29E		1730	SOUTH	100	EAST	EDDY
Latitude 32.6144429					Longitude 104.0201555			NAD 83	

Is this well the defining well for the Horizontal Spacing Unit? ☐ YES ☒Is this well an infill well? ☐ NO ☒

If infill is yes please provide API if available, Operator Name and well number for Defining well for Horizontal Spacing Unit.

API #		
Operator Name:	Property Name:	Well Number

KZ 06/29/2018

District I
1625 N. French Dr., Hobbs, NM 88240
District II
811 S. First St., Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

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

Submit Original
to Appropriate
District Office

GAS CAPTURE PLAN

Date: 3/6/2020

X Original Operator & OGRID No.: Colgate Operating, LLC (371449)

☐ Amended - Reason for Amendment: _____

This Gas Capture Plan outlines actions to be taken by the Operator to reduce well/production facility flaring/venting for new completion (new drill, recomple to new zone, re-frac) activity.

Note: A C-129 must be submitted and approved prior to exceeding 60 days allowed by Rule 19.15.18.12.A

Well(s)/Production Facility – Name of facility

The well(s) that will be located at the production facility are shown in the table below.

Well	API	SHL (ULSTR)	SHL Footages	Expected MCF/D	Flared or Vented	Comments
Silver Bar 35 Fed State Com 133H	30-015-	M-35-19S-29E	1015 FSL & 65 FWL	1500	30 days	Time depends on well clean up
Silver Bar 35 Fed State Com 134H	30-015-	M-35-19S-29E	970 FSL & 65 FWL	1500	30 days	Time depends on well clean up

Gathering System and Pipeline Notification

Well will be connected to a production facility after flowback operations are complete, if gas transporter system is in place. No gas contract has been signed, but 2 potential transporters are DCP Operating Company, LP (36785) and Lucid Artesia Company (147831) who transport gas from Colgate's Parkway 35 Federal Com 5H well in P-34-19s-29e. That well is $\approx 700'$ WSW. Colgate Operating, LLC will provide (periodically) to its Gas Transporter a drilling, completion and estimated first production date for wells that are scheduled to be drilled in the foreseeable future. In addition, Colgate Operating, LLC and its Gas Transporter have periodic conference calls to discuss changes to drilling and completion schedules. Gas from these wells will be processed at an as yet undetermined Gas Transporter Processing Plant located in Eddy County, New Mexico. The actual flow of the gas will be based on compression operating parameters and gathering system pressures.

Flowback Strategy

After the fracture treatment/completion operations, well(s) will be produced to temporary production tanks and gas will be flared or vented. During flowback, the fluids and sand content will be monitored. When the produced fluids contain minimal sand, the wells will be turned to production facilities. Gas sales should start as soon as the wells start flowing through the production facilities, unless there are operational issues on its Gas Transporter system at that time. Based on current information, it is Colgate Operating, LLC's belief an existing or new system can take this gas upon completion of the well(s). Safety requirements during cleanout operations from using underbalanced air cleanout systems may necessitate that sand and non-pipeline quality gas be vented and/or flared rather than sold on a temporary basis.

Alternatives to Reduce Flaring

Below are alternatives considered from a conceptual standpoint to reduce the amount of gas flared.

- Power Generation – On lease
 - Only a portion of gas is consumed operating the generator, remainder of gas will be flared
- Compressed Natural Gas – On lease
 - Gas flared would be minimal, but might be uneconomical to operate when gas volume declines
- NGL Removal – On lease
 - Plants are expensive, residue gas is still flared, and uneconomical to operate when gas volume declines



U.S. Department of the Interior
BUREAU OF LAND MANAGEMENT

Drilling Plan Data Report

01/21/2021

APD ID: 10400054930

Submission Date: 03/14/2020

Highlighted data
reflects the most
recent changes

Operator Name: COLGATE OPERATING LLC

Well Name: SILVER BAR 35 FED STATE COM

Well Number: 133H

[Show Final Text](#)

Well Type: OIL WELL

Well Work Type: Drill

Section 1 - Geologic Formations

Formation ID	Formation Name	Elevation	True Vertical Depth	Measured Depth	Lithologies	Mineral Resources	Producing Formation
683013	QUATERNARY	3336	0	0	OTHER : None	NONE	N
683014		3197	139	139	ANHYDRITE	NONE	N
683015		3132	204	204	SALT	NONE	N
683016		2184	1152	1152	SALT	NONE	N
683017		1981	1355	1355	SANDSTONE	NONE	N
683018		661	2675	2679	LIMESTONE	NONE	N
683019		-130	3466	3475	SANDSTONE	NONE	N
683020	LOWER BRUSHY CANYON 8A	-1962	5298	5316	SANDSTONE	NATURAL GAS, OIL	N
683021		-2436	5772	5793	LIMESTONE	NATURAL GAS, OIL	N
683022		-3781	7117	7145	SANDSTONE	NATURAL GAS, OIL	N
683023		-3981	7317	7345	LIMESTONE	NATURAL GAS, OIL	N
683024		-4601	7937	7969	SANDSTONE	NATURAL GAS, OIL	N
683025		-4931	8267	8299	LIMESTONE	NATURAL GAS, OIL	N
683026		-5531	8867	8906	SANDSTONE	NATURAL GAS, OIL	N
683027		-5986	9322	14869	OTHER : A Carbonate	NATURAL GAS, OIL	Y

Section 2 - Blowout Prevention

Operator Name: COLGATE OPERATING LLC**Well Name:** SILVER BAR 35 FED STATE COM**Well Number:** 133H**Pressure Rating (PSI):** 10M**Rating Depth:** 15000

Equipment: A 10M system rated to 15,000' will be used. Well control equipment with working pressure ratings in excess of anticipated surface pressure will be used for well control from surface casing drill out to TMD. A diverter system will be installed on the 18.625" casing once it is set and cemented. A 13.625" multi-bowl wellhead will be SOW installed to 13.375" once set and cemented. A 13.625 10M BOP will be NU to the 13.625" multi-bowl wellhead through the completion of drilling. A rotating head will also be installed and used as needed. All BOPE connections will be flanged, welded, or clamped. All choke lines will be straight unless targeted with running tees or tee blocks are used. Choke lines will be anchored to prevent whip and reduce vibrations. All valves in the choke line and the choke manifold will be full opening as to not cause restrictions and to allow for straight fluid paths to minimize potential erosion. All gauges used in the well control system will be of a type designed for drilling fluid service. Subs equipped with full opening valves sized to fit the drill pipe and collars will be available on the rig floor in open position. The key to operate said valve equipped subs will on the rig floor at all times. The accumulator system will have sufficient capacity to open the HCR and close all 3 sets of rams plus the annular preventer while retaining at least 300-psi above pre-charge on the closing manifold. (Accumulator system will be capable of doing so without using the closing unit pumps.) Fluid reservoir capacity will be double the usable fluid volume of the accumulator system capacity. Fluid level will be maintained at the manufacturers recommended level. Before connecting the closing unit to the BOP stack, an accumulator pre-charge pressure test will be performed to ensure the pre-charge pressure is within 100-psi of the desired pressure. (Only nitrogen gas will be used to pre-charge.) Two independent power sources will always be available to power the closing unit pumps so the pumps can automatically start when the closing valve manifold pressure has decreased to the pre-set level. Closing unit pumps will be sized to allow opening of HCR and closing of annular preventer on 5' drill pipe achieving >200-psi above pre-charge pressure with the accumulator system isolated from service in 2 minutes. Valve will be installed in the closing line as near the annular preventer as possible to act as a locking device. Valve will be kept in the open position and will be closed only when the power source for the accumulator is inoperative. Remote controls capable of opening and closing all preventers and the HCR will be readily accessible to the driller. Master controls will be operable at the accumulator. The wellhead will be a multi-bowl speed head allowing for hang-off of intermediate 2 casing and isolation of the 13.375" x 9.625" annulus without breaking the connection between the BOP and wellhead to install an additional casing head. A wear bushing will be installed and inspected frequently to guard against internal wear to the wellhead.

Requesting Variance? YES

Variance request: Variance is requested to drill the well using a co-flex hose between the BOP and choke manifold. Certification for the proposed hose is attached. Manufacturer does not require the hose to be anchored. If this specific hose is not available, then one of equal or higher rating will be used. Variance is requested to Onshore Order 2 requirement that a 2M system with annular preventer be installed before drilling of the surface casing shoe due to the shallow setting depth of the surface casing. Diverter system adequately meets the requirements for the preferred method of handling a well control event in a situation where the existing casing shoe is not adequate for a hard shut-in due to the likelihood of an underground blowout with the potential to breach the surface.

Testing Procedure: BOPE will be tested as follows. Once the surface casing is set and the diverter system is installed on the 18.625" casing, pressure tests will be performed by a 3rd party tester to 500-psi. After intermediate 1 casing is set and BOPE installed, pressure tests of BOPE will be performed by a 3rd party tester using water and a test plug to 250-psi low and 10,000 psi high. A pressure test will be deemed successful if pressure is maintained for 10-minutes without any bleed-off. A valve on the wellhead below the seat of the test plug will always be open during BOPE tests to prevent damage to casing. The BOPE will be re-tested in this manner after any connection breaks or passage of allotted time (25 days). Any BOPE which does not pass pressure tests after initial install will be replaced before drilling out of the intermediate 1 casing shoe. Any time a BOPE component cannot function to secure the hole, the hole will be secured using a retrievable packer, and the non-functioning BOPE component will be repaired or replaced. After repair or replacement, a pressure test of said component and any connections broken to repair or replace said component will be tested in the same manner as described for initial install of BOPE. Annular preventer will be function tested at least weekly. Ram-type preventers will be function tested on each trip. BOP pit level drills will be conducted weekly with each drilling crew. All pressure tests performed on BOPE and BOPE pit levels drills will be recorded in the drilling log. Isolation of 13.375" x 9.625" casing annulus will be confirmed by pressure testing of wellhead sealing component after said sealing component is installed. Each installed casing string will be tested as follows. After cement has set undisturbed for 18-hours and has reached a compressive strength of 500-psi, then the 18.625" surface casing will be pressured to 1500-psi and held for 30-minutes. Lab reports with the 500-psi compressive strength time for the cement will be on-site for review. A casing test will be deemed successful if test pressure does not decline >10% over the 30-minute period. The casing pressure test will be completed against the cement head. After cement has set undisturbed for 18-hours and has reached a compressive strength of 500-psi, then the 13.375" intermediate 1 casing will be pressured to 1500-psi and held for 30-minutes. Lab reports with the 500-psi compressive strength time for the cement will be on-site for

Operator Name: COLGATE OPERATING LLC**Well Name:** SILVER BAR 35 FED STATE COM**Well Number:** 133H

review. A casing test will be deemed successful if test pressure does not decline >10% over the 30-minute period. The casing pressure test will be completed against the blind rams of the 13.625" 10M BOPE before picking up tools to drill out. After cement has set undisturbed for 18-hours and has reached a compressive strength of 500-psi, then the 9.625" intermediate 2 casing will be pressured to 2500-psi and held for 30-minutes. Lab reports with the 500-psi compressive strength time for the cement will be on-site for review. A casing test will be deemed successful if test pressure does not decline >10% over the 30-minute period. The casing pressure test will be completed against the lower pipe rams of the 13.625" 10M BOPE immediately before drilling out the float equipment. Production casing test will occur >72 hours after cement is placed and reached ultimate compressive strength. Lab reports with the 500-psi compressive strength time for the cement will be on-site for review. A casing test will be deemed successful if test pressure does not decline >10% over the 30-minute period. Casing will be tested by pressuring up to 10,000-psi and holding pressure for 30-minutes before starting perforation and stimulation.

Choke Diagram Attachment:

Silver_133H_Choke_20200518154700.pdf

BOP Diagram Attachment:

Silver_133H_BOP_20200314074926.pdf

Section 3 - Casing

Casing ID	String Type	Hole Size	Csg Size	Condition	Standard	Tapered String	Top Set MD	Bottom Set MD	Top Set TVD	Bottom Set TVD	Top Set MSL	Bottom Set MSL	Calculated casing length MD	Grade	Weight	Joint Type	Collapse SF	Burst SF	Joint SF Type	Joint SF	Body SF Type	Body SF
1	SURFACE	24	18.625	NEW	API	N	0	330	0	330	3336	3006	330	J-55	87.5	BUTT	1.125	1.2	DRY	1.6	DRY	1.6
2	INTERMEDIATE	17.5	13.375	NEW	API	N	0	1560	0	1560	0	1776	1560	J-55	54.5	BUTT	1.125	1.2	DRY	1.6	DRY	1.6
3	INTERMEDIATE	12.25	9.625	NEW	API	N	0	4300	0	4287	0	-951	4300	J-55	36	BUTT	1.125	1.2	DRY	1.6	DRY	1.6
4	PRODUCTION	8.75	5.5	NEW	API	N	0	19528	0	9417	0	-6081	19528	HCP-110	20	OTHER - CDC HTQ	1.125	1.2	DRY	1.6	DRY	1.6

Casing Attachments

Operator Name: COLGATE OPERATING LLC**Well Name:** SILVER BAR 35 FED STATE COM**Well Number:** 133H**Casing Attachments**

Casing ID: 1 **String Type:** SURFACE**Inspection Document:****Spec Document:****Tapered String Spec:****Casing Design Assumptions and Worksheet(s):**Silver_133H_Casing_Design_Assumptions_20200314075205.pdf

Casing ID: 2 **String Type:** INTERMEDIATE**Inspection Document:****Spec Document:****Tapered String Spec:****Casing Design Assumptions and Worksheet(s):**Silver_133H_Casing_Design_Assumptions_20200314075235.pdf

Casing ID: 3 **String Type:** INTERMEDIATE**Inspection Document:****Spec Document:****Tapered String Spec:****Casing Design Assumptions and Worksheet(s):**Silver_133H_Casing_Design_Assumptions_20200314075307.pdf

Operator Name: COLGATE OPERATING LLC**Well Name:** SILVER BAR 35 FED STATE COM**Well Number:** 133H**Casing Attachments****Casing ID:** 4 **String Type:** PRODUCTION**Inspection Document:****Spec Document:****Tapered String Spec:****Casing Design Assumptions and Worksheet(s):**

Silver_133H_Casing_Design_Assumptions_20200314075342.pdf

5.5in_USS_CDC_Casing_Spec_20200314075352.pdf

Section 4 - Cement

String Type	Lead/Tail	Stage Tool Depth	Top MD	Bottom MD	Quantity(sx)	Yield	Density	Cu Ft	Excess%	Cement type	Additives
SURFACE	Lead		0	0	0	0	0	0	0	None	None
SURFACE	Tail		0	330	418	1.8	13.5	752	100	Class C	Salt + accelerator + extender + LCM
PRODUCTION	Lead		0	0	0	0	0	0	0	None	None
PRODUCTION	Tail		2050	1952 8	4196	1.24	14.2	5203	20	Class H	Fluid loss + dispersant + retarder + LCM
INTERMEDIATE	Lead		0	1560	745	2.19	12.7	1631	75	Class C	Salt + extender + LCM
INTERMEDIATE	Tail		0	1560	204	1.33	14.8	271	75	Class C	Accelerator + LCM
INTERMEDIATE	Lead	2500	0	2500	199	4.41	10.6	591	100	Class C	Accelerator + extender + LCM
INTERMEDIATE	Tail		0	2500	127	1.33	14.8	169	25	Class C	Accelerator + LCM
INTERMEDIATE	Lead	2500	2500	4300	134	4.41	10.6	591	100	Class C	Salt + Extender + LCM
INTERMEDIATE	Tail		2500	4300	253	1.33	148	336	25	Class C	Accelerator + LCM

Operator Name: COLGATE OPERATING LLC**Well Name:** SILVER BAR 35 FED STATE COM**Well Number:** 133H**Section 5 - Circulating Medium****Mud System Type:** Closed**Will an air or gas system be Used?** YES

Description of the equipment for the circulating system in accordance with Onshore Order #2: Both visual and electronic mud monitoring equipment will be used to detect volume changes indicating loss or gain of circulating system fluid. Slow pump rates will be taken and recorded every tour in the drilling log. Mud engineer will perform tests and provide a written report at least every 12 hours while circulating. A trip tank will be used. Trip sheet will be recorded to ensure wellbore is taking proper fill or displacing proper fluid volume during all tripping operations. Gas detecting equipment will be used to monitor for hydrocarbon gas at the shakers while drilling and/or circulating. H2S monitors with visual and auditory alarms will be installed and operational at the shakers, rig floor, and cellar while drilling and/or circulating. A flare system with an effective method for ignition will be used to gather and burn all gas. Flare will discharge >100' from the wellbore. Flare line will be straight unless targeted with running tees. A mud gas separator will be installed and operable before drilling out of the surface casing.

Diagram of the equipment for the circulating system in accordance with Onshore Order #2:

Closed_Loop_Mud_Gas_Separator_20201221065646.pdf

Describe what will be on location to control well or mitigate other conditions: All necessary mud products for weight addition and fluid loss control will be on site at all times. Mud program may change due to hole conditions. stage of compression. The compressed air will then be fed into a medium pressure booster capable of compressing it further to 2000 psi in the second stage of compression. If the rigs standpipe pressure is less than the capability of the medium pressure booster, then the high-pressure booster will be plumbed in so that it can be isolated, bypassed, and temporarily taken off-line. Assuming higher standpipe pressures are encountered, the air supplied by the medium pressure booster will be fed into the high-pressure booster where it will be compressed further (to as much as 5000-psi). Immediately downstream of the high-pressure booster, a pressure relief valve (PRV) manifold will be placed in-line to safeguard against an unintentional over pressuring of the air system. All energized air lines will be cabled and hobbled to ensure proper whip restraint is in place at all times. A manifold, consisting of ball and check vales, will be placed at the airs injection point into the standpipe on the rig floor. This manifold will be used to direct the flow of air either into the rigs standpipe or into an air bypass line as needed. The check valves placed in the manifold will act to prevent the flow of drilling mud in the air system. 5R string floats will be strategically placed in the drill string to prevent backflow of drilling mud during connections and aid in maintaining a more consistent BHP. A dart style float will be placed in the BHA to prevent backflow of fluids and cuttings from the annulus into the drill string. A properly lubricated and maintained rotating head will be used to direct the flow of the rapidly expanding air into the flow line at the surface. A properly sized mud gas separator will be used to remove the air from the returns before the rig shakers. The mud gas separator will be connected to a flare stack where all separated gas will be directed. The flare stack will include an automatic igniter or continuous pilot light and it will be rigged up so that the outlet is >100 from the wellbore. The compressor/booster equipment will be set and rigged up >100' from the wellbore. If a formation influx occurs while aerate drilling, then Colgate will immediately remove the air supply from the stand pipe using the air manifold at the rig floor. This would allow the mud pump to quickly fill the annulus of the wellbore with non-aerated drilling mud in order to significantly increase the hydrostatic barrier between the formation of influx and surface. If an additional influx is observed once a full hydrostatic column of drilling mud is in place, then all well control practices and procedures will be identical to mud drilling well control protocols. During weekly BOP drills with each rig crew, emphasis will be placed on well control situations occurring while aerate drilling. Special emphasis will identify the steps at the air manifold required to remove air injection from the standpipe in order to allow the mud pumps to fill the wellbore with non-aerated drilling mud to regain a full hydrostatic column.

Describe the mud monitoring system utilized: Mud monitoring system will be an electronic Pason PVT system satisfying Onshore Order 1.

Circulating Medium Table

Operator Name: COLGATE OPERATING LLC**Well Name:** SILVER BAR 35 FED STATE COM**Well Number:** 133H

Top Depth	Bottom Depth	Mud Type	Min Weight (lbs/gal)	Max Weight (lbs/gal)	Density (lbs/cu ft)	Gel Strength (lbs/100 sqft)	PH	Viscosity (CP)	Salinity (ppm)	Filtration (cc)	Additional Characteristics
0	330	OTHER : Fresh water spud	8.6	9							
330	1560	OTHER : Brine water	10	10.2							
1560	4300	OTHER : Fresh water	8.4	9.9							
4300	19528	OTHER : Cut brine poly oil mud	9	10							

Section 6 - Test, Logging, Coring

List of production tests including testing procedures, equipment and safety measures:

Directional surveys will be collected via MWD tools at <200' intervals.

GR log will be acquired by MWD tools from the intermediate casing to TD.

A formation integrity test (FIT) will be performed on all casing strings after BOPE is installed to at least 1 ppg over planned section mud after drilling 10 of new hole.

List of open and cased hole logs run in the well:

GAMMA RAY LOG,

Coring operation description for the well:

No core, drill stem test, open hole log, CBL, or temperature survey is planned.

Section 7 - Pressure

Anticipated Bottom Hole Pressure: 4077

Anticipated Surface Pressure: 2005

Anticipated Bottom Hole Temperature(F): 120

Anticipated abnormal pressures, temperatures, or potential geologic hazards? NO

Describe:

Contingency Plans geohazards description:

Contingency Plans geohazards attachment:

Hydrogen Sulfide drilling operations plan required? YES

Operator Name: COLGATE OPERATING LLC**Well Name:** SILVER BAR 35 FED STATE COM**Well Number:** 133H**Hydrogen sulfide drilling operations plan:**

Silver_133H_H2S_Plan_20200518155259.pdf

Section 8 - Other Information**Proposed horizontal/directional/multi-lateral plan submission:**

Silver_133H_Horizontal_Plan_20200314075750.pdf

Other proposed operations facets description:

Cement will be placed on all casing strings using the pump and plug method. A float will be installed in the casing shoe and float collar on all casing strings to hold cement in place once pumping is completed. A top plug will be used on all casing strings to prevent contamination of the cement by the displacement fluid. A pre-flush fluid will be pumped before cementing to aid in removal of the drilling mud from the wellbore, prevent drilling mud contamination of the cement, and prepare the surfaces of both the wellbore and casing for cement.

Other proposed operations facets attachment:

Silver_133H_Anti_Collision_Report_20200314080014.pdf

CoFlex_Certs_20200518154957.pdf

Silver_133H_Speedhead_Spec_Procedure_20200518155223.pdf

Silver_133H_Diverter_20201220152246.pdf

Silver_133H_Drill_Plan_Revised_20201220152335.pdf

Other Variance attachment:



WELL DETAILS: Silver Bar 35 Fed State Com 133H

Northing	Easting	Latitude	Longitude
586741.78	627363.86	32.61269367	-104.05394489



Azimuths to Grid North
True North: -0.15°
Magnetic North: 6.80°

Magnetic Field
Strength: 47811.8nT
Dip Angle: 60.22°
Date: 2/18/2020
Model: IGRF2020

PROJECT DETAILS: Eddy County, NM (N83-NME)
Well Name: Silver Bar 35 Fed State Com 133H
Geodetic System: US State Plane 1983
Datum: North American Datum 1983
Ellipsoid: GRS 1980
Zone: New Mexico Eastern Zone
System Datum: Mean Sea Level
Local North: Grid
KB Elevation: 3336+25 @ 3361.00usft
Elevation: 3336.00

Site: Silver Bar 35 Fed State Com
Well: Silver Bar 35 Fed State Com 133H
Wellbore: 133H
Plan: Plan #1

Section Details

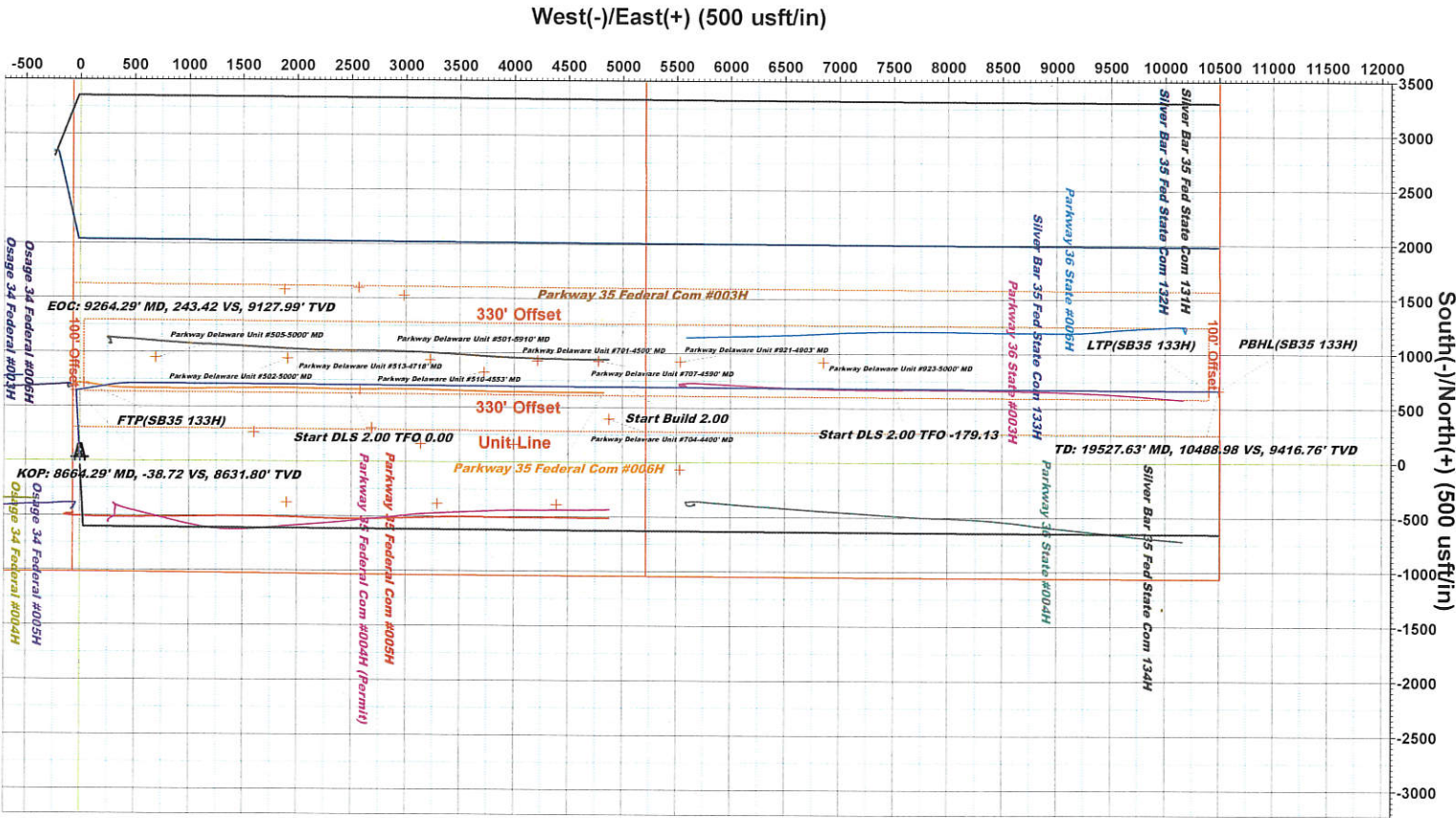
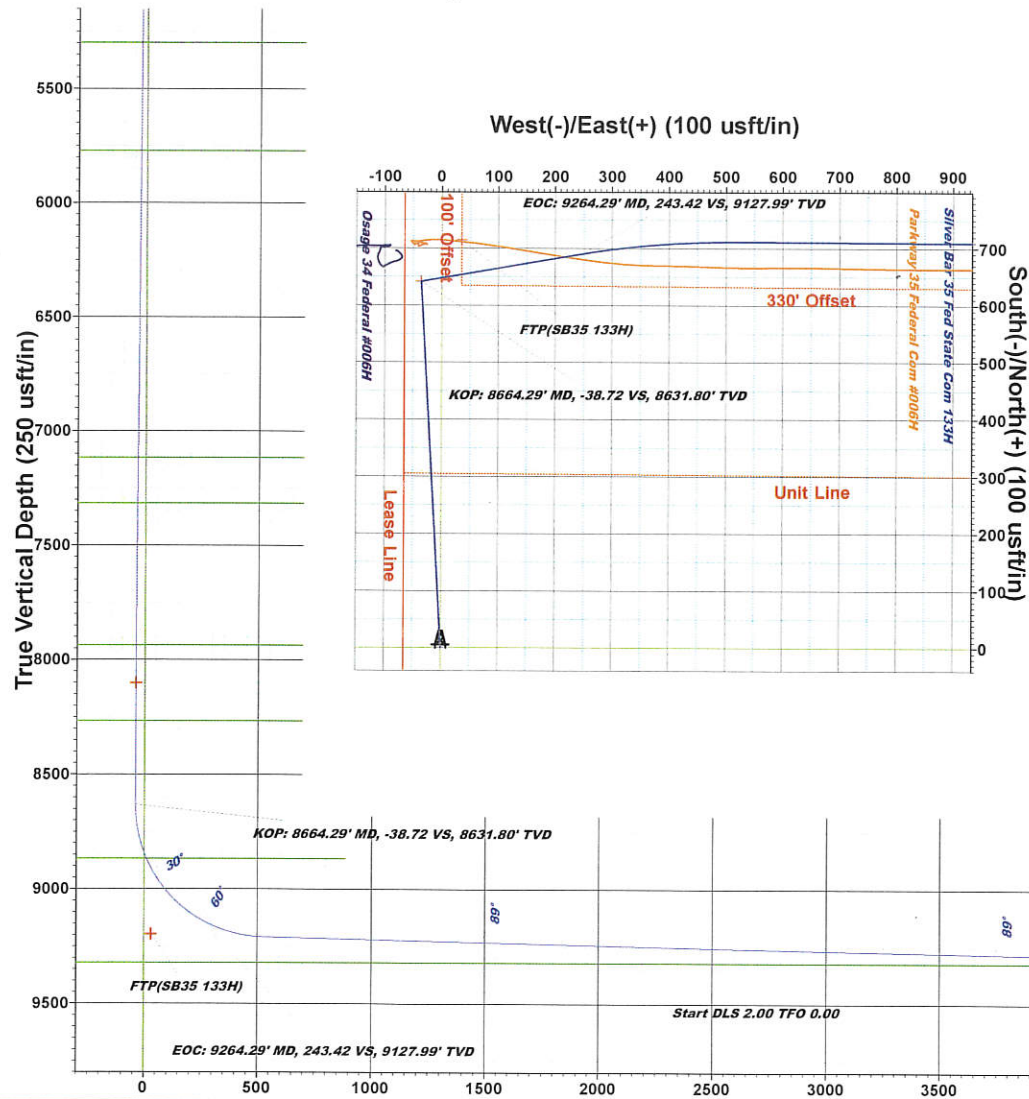
Sec	MD	Inc	Azi	TVD	+N/-S	+E/-W	Dleg	TFace	Vsect
1	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2	1500.00	0.00	0.00	1500.00	0.00	0.00	0.00	0.00	0.00
3	1894.21	5.91	356.82	1893.51	20.29	-1.13	1.50	356.82	-1.22
4	7738.29	5.91	356.82	7706.49	621.42	-34.57	0.00	0.00	-37.50
5	8132.49	0.00	0.00	8100.00	641.71	-35.70	1.50	180.00	-38.72
6	8664.29	0.00	0.00	8631.80	641.71	-35.70	0.00	0.00	-38.72
7	9264.29	60.00	80.29	9128.00	690.03	246.67	10.00	80.29	243.42
8	9565.89	88.63	90.27	9208.88	711.85	532.79	10.00	20.17	529.43
9	11482.01	88.63	90.27	9254.69	702.82	2448.34	0.00	0.00	2445.00
10	11493.01	88.85	90.27	9254.93	702.77	2459.34	2.00	0.00	2456.00
11	14062.53	88.85	90.27	9306.50	690.67	5028.31	0.00	0.00	5025.00
12	14068.53	88.97	90.27	9306.61	690.64	5034.31	2.00	0.00	5031.00
13	16537.93	88.97	90.27	9351.00	679.00	7503.28	0.00	0.00	7500.00
14	16549.47	88.74	90.27	9351.23	678.95	7514.82	2.00	-179.13	7511.54
15	19527.63	88.74	90.27	9416.76	665.10	10492.23	0.00	0.00	10488.98

FORMATION TOP DETAILS

TVDPATH	MDPATH	FORMATION
138.00	138.00	Rustler
203.00	203.00	Top of Salt
1151.00	1151.00	Base of Salt
1354.00	1354.00	Yates
2674.00	2678.87	Capitan
3465.00	3474.11	DLWR Mnt. Group
5297.00	5315.91	Lower Brushy Canyon
5771.00	5792.44	Bone Spring Lime
7116.00	7144.64	1st Bone Spring SD
7316.00	7345.71	2nd Bone Spring LM
7936.00	7968.44	2nd Bone Spring SD
8266.00	8298.49	3rd Bone Spring LM
8866.00	8905.56	3rd Bone Spring SD
9321.00	14868.82	Wolfcamp A

DESIGN TARGET DETAILS

Name	TVD	+N/-S	+E/-W	Northing	Easting	Latitude	Longitude
EON(SB35 133H)	8100.00	641.71	-35.70	587383.49	627328.16	32.61445780	-104.05405536
FTP(SB35 133H)	9196.00	714.47	35.08	587456.25	627398.94	32.61465728	-104.05382486
LTP(SB35 133H)	9414.78	665.38	10402.26	587407.16	637766.12	32.61444291	-104.02015544
PBHL(SB35 133H)	9416.76	665.10	10492.23	587406.88	637856.09	32.61444141	-104.01986325



Vertical Section at 90.27° (250 usft/in)



Plan: Plan #1 (Silver Bar 35 Fed State Com 133H/133H)
Created By: Adrian Castro Date: 19:22, February 26 2020



Planning Report

Database: EDM 5000.14 Single User Db
Company: Colgate Energy
Project: Eddy County, NM (N83-NME)
Site: Silver Bar 35 Fed State Com
Well: Silver Bar 35 Fed State Com 133H
Wellbore: 133H
Design: Plan #1

Local Co-ordinate Reference: Well Silver Bar 35 Fed State Com 133H
TVD Reference: 3336+25 @ 3361.00usft
MD Reference: 3336+25 @ 3361.00usft
North Reference: Grid
Survey Calculation Method: Minimum Curvature

Project Eddy County, NM (N83-NME)

Map System: US State Plane 1983
Geo Datum: North American Datum 1983
Map Zone: New Mexico Eastern Zone
System Datum: Mean Sea Level

Site Silver Bar 35 Fed State Com

Site Position:
From: Map
Position Uncertainty: 0.00 usft
Northing: 587,207.01 usft
Easting: 626,938.96 usft
Slot Radius: 13-3/16 "
Latitude: 32.61397551
Longitude: -104.05532088
Grid Convergence: 0.15 °

Well Silver Bar 35 Fed State Com 133H

Well Position
+N/-S -465.23 usft
+E/-W 424.90 usft
Position Uncertainty 0.00 usft
Northing: 586,741.78 usft
Easting: 627,363.86 usft
Wellhead Elevation:
Latitude: 32.61269367
Longitude: -104.05394489
Ground Level: 3,336.00 usft

Wellbore 133H

Magnetics	Model Name	Sample Date	Declination (°)	Dip Angle (°)	Field Strength (nT)
	IGRF2020	2/18/2020	6.95	60.22	47,811.79516107

Design Plan #1

Audit Notes:

Version:
Phase: PLAN
Tie On Depth: 0.00

Vertical Section:	Depth From (TVD) (usft)	+N/-S (usft)	+E/-W (usft)	Direction (°)
	0.00	0.00	0.00	90.27

Plan Survey Tool Program Date 2/26/2020

Depth From (usft)	Depth To (usft)	Survey (Wellbore)	Tool Name	Remarks
1	0.00	19,527.07 Plan #1 (133H)	OWSG MWD Rev 4	
			OWSG MWD - Standard	



Planning Report

Database: EDM 5000.14 Single User Db
Company: Colgate Energy
Project: Eddy County, NM (N83-NME)
Site: Silver Bar 35 Fed State Com
Well: Silver Bar 35 Fed State Com 133H
Wellbore: 133H
Design: Plan #1

Local Co-ordinate Reference: Well Silver Bar 35 Fed State Com 133H
TVD Reference: 3336+25 @ 3361.00usft
MD Reference: 3336+25 @ 3361.00usft
North Reference: Grid
Survey Calculation Method: Minimum Curvature

Plan Sections

Measured Depth (usft)	Inclination (°)	Azimuth (°)	Vertical Depth (usft)	+N/-S (usft)	+E/-W (usft)	Dogleg Rate (°/100usft)	Build Rate (°/100usft)	Turn Rate (°/100usft)	TFO (°)	Target
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
1,500.00	0.00	0.00	1,500.00	0.00	0.00	0.00	0.00	0.00	0.00	
1,894.21	5.91	356.82	1,893.51	20.29	-1.13	1.50	1.50	0.00	356.82	
7,738.29	5.91	356.82	7,706.49	621.42	-34.57	0.00	0.00	0.00	0.00	
8,132.49	0.00	0.00	8,100.00	641.71	-35.70	1.50	-1.50	0.00	180.00	EON(SB35 133H)
8,664.29	0.00	0.00	8,631.80	641.71	-35.70	0.00	0.00	0.00	0.00	
9,264.29	60.00	80.29	9,128.00	690.03	246.67	10.00	10.00	0.00	80.29	
9,565.89	88.63	90.27	9,208.88	711.85	532.79	10.00	9.49	3.31	20.17	
11,482.01	88.63	90.27	9,254.69	702.82	2,448.34	0.00	0.00	0.00	0.00	
11,493.01	88.85	90.27	9,254.93	702.77	2,459.34	2.00	2.00	0.00	0.00	
14,062.53	88.85	90.27	9,306.50	690.67	5,028.31	0.00	0.00	0.00	0.00	
14,068.53	88.97	90.27	9,306.61	690.64	5,034.31	2.00	2.00	0.00	0.00	
16,537.93	88.97	90.27	9,351.00	679.00	7,503.28	0.00	0.00	0.00	0.00	
16,549.47	88.74	90.27	9,351.23	678.95	7,514.82	2.00	-2.00	-0.03	-179.13	
19,527.63	88.74	90.27	9,416.76	665.10	10,492.23	0.00	0.00	0.00	0.00	PBHL(SB35 133H)



Planning Report

Database: EDM 5000.14 Single User Db
Company: Colgate Energy
Project: Eddy County, NM (N83-NME)
Site: Silver Bar 35 Fed State Com
Well: Silver Bar 35 Fed State Com 133H
Wellbore: 133H
Design: Plan #1

Local Co-ordinate Reference: Well Silver Bar 35 Fed State Com 133H
TVD Reference: 3336+25 @ 3361.00usft
MD Reference: 3336+25 @ 3361.00usft
North Reference: Grid
Survey Calculation Method: Minimum Curvature

Planned Survey

Measured Depth (usft)	Inclination (°)	Azimuth (°)	Vertical Depth (usft)	+N/-S (usft)	+E/-W (usft)	Vertical Section (usft)	Dogleg Rate (°/100usft)	Build Rate (°/100usft)	Turn Rate (°/100usft)
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
100.00	0.00	0.00	100.00	0.00	0.00	0.00	0.00	0.00	0.00
138.00	0.00	0.00	138.00	0.00	0.00	0.00	0.00	0.00	0.00
Rustler									
200.00	0.00	0.00	200.00	0.00	0.00	0.00	0.00	0.00	0.00
203.00	0.00	0.00	203.00	0.00	0.00	0.00	0.00	0.00	0.00
Top of Salt									
300.00	0.00	0.00	300.00	0.00	0.00	0.00	0.00	0.00	0.00
400.00	0.00	0.00	400.00	0.00	0.00	0.00	0.00	0.00	0.00
500.00	0.00	0.00	500.00	0.00	0.00	0.00	0.00	0.00	0.00
600.00	0.00	0.00	600.00	0.00	0.00	0.00	0.00	0.00	0.00
700.00	0.00	0.00	700.00	0.00	0.00	0.00	0.00	0.00	0.00
800.00	0.00	0.00	800.00	0.00	0.00	0.00	0.00	0.00	0.00
900.00	0.00	0.00	900.00	0.00	0.00	0.00	0.00	0.00	0.00
1,000.00	0.00	0.00	1,000.00	0.00	0.00	0.00	0.00	0.00	0.00
1,100.00	0.00	0.00	1,100.00	0.00	0.00	0.00	0.00	0.00	0.00
1,151.00	0.00	0.00	1,151.00	0.00	0.00	0.00	0.00	0.00	0.00
Base of Salt									
1,200.00	0.00	0.00	1,200.00	0.00	0.00	0.00	0.00	0.00	0.00
1,300.00	0.00	0.00	1,300.00	0.00	0.00	0.00	0.00	0.00	0.00
1,354.00	0.00	0.00	1,354.00	0.00	0.00	0.00	0.00	0.00	0.00
Yates									
1,400.00	0.00	0.00	1,400.00	0.00	0.00	0.00	0.00	0.00	0.00
1,500.00	0.00	0.00	1,500.00	0.00	0.00	0.00	0.00	0.00	0.00
1,600.00	1.50	356.82	1,599.99	1.31	-0.07	-0.08	1.50	1.50	0.00
1,700.00	3.00	356.82	1,699.91	5.23	-0.29	-0.32	1.50	1.50	0.00
1,800.00	4.50	356.82	1,799.69	11.76	-0.65	-0.71	1.50	1.50	0.00
1,894.21	5.91	356.82	1,893.51	20.29	-1.13	-1.22	1.50	1.50	0.00
1,900.00	5.91	356.82	1,899.27	20.89	-1.16	-1.26	0.00	0.00	0.00
2,000.00	5.91	356.82	1,998.74	31.17	-1.73	-1.88	0.00	0.00	0.00
2,100.00	5.91	356.82	2,098.21	41.46	-2.31	-2.50	0.00	0.00	0.00
2,200.00	5.91	356.82	2,197.67	51.75	-2.88	-3.12	0.00	0.00	0.00
2,300.00	5.91	356.82	2,297.14	62.03	-3.45	-3.74	0.00	0.00	0.00
2,400.00	5.91	356.82	2,396.61	72.32	-4.02	-4.36	0.00	0.00	0.00
2,500.00	5.91	356.82	2,496.08	82.60	-4.60	-4.98	0.00	0.00	0.00
2,600.00	5.91	356.82	2,595.55	92.89	-5.17	-5.61	0.00	0.00	0.00
2,678.87	5.91	356.82	2,674.00	101.00	-5.62	-6.09	0.00	0.00	0.00
Capitan									
2,700.00	5.91	356.82	2,695.01	103.18	-5.74	-6.23	0.00	0.00	0.00
2,800.00	5.91	356.82	2,794.48	113.46	-6.31	-6.85	0.00	0.00	0.00
2,900.00	5.91	356.82	2,893.95	123.75	-6.88	-7.47	0.00	0.00	0.00
3,000.00	5.91	356.82	2,993.42	134.03	-7.46	-8.09	0.00	0.00	0.00
3,100.00	5.91	356.82	3,092.89	144.32	-8.03	-8.71	0.00	0.00	0.00
3,200.00	5.91	356.82	3,192.35	154.61	-8.60	-9.33	0.00	0.00	0.00
3,300.00	5.91	356.82	3,291.82	164.89	-9.17	-9.95	0.00	0.00	0.00
3,400.00	5.91	356.82	3,391.29	175.18	-9.75	-10.57	0.00	0.00	0.00
3,474.11	5.91	356.82	3,465.00	182.80	-10.17	-11.03	0.00	0.00	0.00
DLWR Mt. Group									
3,500.00	5.91	356.82	3,490.76	185.47	-10.32	-11.19	0.00	0.00	0.00
3,600.00	5.91	356.82	3,590.22	195.75	-10.89	-11.81	0.00	0.00	0.00
3,700.00	5.91	356.82	3,689.69	206.04	-11.46	-12.43	0.00	0.00	0.00
3,800.00	5.91	356.82	3,789.16	216.32	-12.03	-13.05	0.00	0.00	0.00
3,900.00	5.91	356.82	3,888.63	226.61	-12.61	-13.67	0.00	0.00	0.00



Planning Report

Database: EDM 5000.14 Single User Db
Company: Colgate Energy
Project: Eddy County, NM (N83-NME)
Site: Silver Bar 35 Fed State Com
Well: Silver Bar 35 Fed State Com 133H
Wellbore: 133H
Design: Plan #1

Local Co-ordinate Reference: Well Silver Bar 35 Fed State Com 133H
TVD Reference: 3336+25 @ 3361.00usft
MD Reference: 3336+25 @ 3361.00usft
North Reference: Grid
Survey Calculation Method: Minimum Curvature

Planned Survey

Measured Depth (usft)	Inclination (°)	Azimuth (°)	Vertical Depth (usft)	+N/-S (usft)	+E/-W (usft)	Vertical Section (usft)	Dogleg Rate (°/100usft)	Build Rate (°/100usft)	Turn Rate (°/100usft)
4,000.00	5.91	356.82	3,988.10	236.90	-13.18	-14.30	0.00	0.00	0.00
4,100.00	5.91	356.82	4,087.56	247.18	-13.75	-14.92	0.00	0.00	0.00
4,200.00	5.91	356.82	4,187.03	257.47	-14.32	-15.54	0.00	0.00	0.00
4,300.00	5.91	356.82	4,286.50	267.75	-14.90	-16.16	0.00	0.00	0.00
4,379.95	5.91	356.82	4,366.02	275.98	-15.35	-16.65	0.00	0.00	0.00
Parkway Delaware Unit #509-4400' MD									
4,399.14	5.91	356.82	4,385.11	277.95	-15.46	-16.77	0.00	0.00	0.00
Parkway Delaware Unit #704-4400' MD									
4,400.00	5.91	356.82	4,385.97	278.04	-15.47	-16.78	0.00	0.00	0.00
4,402.63	5.91	356.82	4,388.58	278.31	-15.48	-16.79	0.00	0.00	0.00
Parkway Delaware Unit #508-4400' MD									
4,500.00	5.91	356.82	4,485.44	288.33	-16.04	-17.40	0.00	0.00	0.00
4,557.29	5.91	356.82	4,542.42	294.22	-16.37	-17.75	0.00	0.00	0.00
Parkway Delaware Unit #701-4500' MD									
4,591.21	5.91	356.82	4,576.16	297.71	-16.56	-17.96	0.00	0.00	0.00
Parkway Delaware Unit #514-4607' MD									
4,600.00	5.91	356.82	4,584.90	298.61	-16.61	-18.02	0.00	0.00	0.00
4,601.83	5.91	356.82	4,586.73	298.80	-16.62	-18.03	0.00	0.00	0.00
Parkway Delaware Unit #510-4553' MD									
4,603.17	5.91	356.82	4,588.06	298.94	-16.63	-18.04	0.00	0.00	0.00
Parkway Delaware Unit #515-4600' MD									
4,675.40	5.91	356.82	4,659.91	306.37	-17.04	-18.49	0.00	0.00	0.00
Parkway Delaware Unit #511-4550' MD									
4,700.00	5.91	356.82	4,684.37	308.90	-17.18	-18.64	0.00	0.00	0.00
4,736.69	5.91	356.82	4,720.87	312.67	-17.39	-18.87	0.00	0.00	0.00
Parkway Delaware Unit #512Y-4600' MD									
4,755.64	5.91	356.82	4,739.72	314.62	-17.50	-18.99	0.00	0.00	0.00
Parkway Delaware Unit #513-4718' MD									
4,800.00	5.91	356.82	4,783.84	319.18	-17.76	-19.26	0.00	0.00	0.00
4,883.74	5.91	356.82	4,867.13	327.80	-18.24	-19.78	0.00	0.00	0.00
Parkway Delaware Unit #506-4750' MD									
4,900.00	5.91	356.82	4,883.31	329.47	-18.33	-19.88	0.00	0.00	0.00
4,924.61	5.91	356.82	4,907.78	332.00	-18.47	-20.03	0.00	0.00	0.00
Parkway Delaware Unit #503-5000' MD									
4,933.31	5.91	356.82	4,916.44	332.90	-18.52	-20.09	0.00	0.00	0.00
Parkway Delaware Unit #504-5000' MD									
5,000.00	5.91	356.82	4,982.78	339.76	-18.90	-20.50	0.00	0.00	0.00
5,069.02	5.91	356.82	5,051.43	346.86	-19.30	-20.93	0.00	0.00	0.00
Parkway Delaware Unit #502-5000' MD									
5,076.66	5.91	356.82	5,059.03	347.64	-19.34	-20.98	0.00	0.00	0.00
Parkway Delaware Unit #505-5000' MD									
5,100.00	5.91	356.82	5,082.24	350.04	-19.47	-21.12	0.00	0.00	0.00
5,200.00	5.91	356.82	5,181.71	360.33	-20.05	-21.74	0.00	0.00	0.00
5,300.00	5.91	356.82	5,281.18	370.61	-20.62	-22.36	0.00	0.00	0.00
5,315.91	5.91	356.82	5,297.00	372.25	-20.71	-22.46	0.00	0.00	0.00
Lower Brushy Canyon									
5,400.00	5.91	356.82	5,380.65	380.90	-21.19	-22.99	0.00	0.00	0.00
5,500.00	5.91	356.82	5,480.12	391.19	-21.76	-23.61	0.00	0.00	0.00
5,600.00	5.91	356.82	5,579.58	401.47	-22.33	-24.23	0.00	0.00	0.00
5,700.00	5.91	356.82	5,679.05	411.76	-22.91	-24.85	0.00	0.00	0.00
5,792.44	5.91	356.82	5,771.00	421.27	-23.44	-25.42	0.00	0.00	0.00
Bone Spring Lime									



Planning Report

Database: EDM 5000.14 Single User Db
 Company: Colgate Energy
 Project: Eddy County, NM (N83-NME)
 Site: Silver Bar 35 Fed State Com
 Well: Silver Bar 35 Fed State Com 133H
 Wellbore: 133H
 Design: Plan #1

Local Co-ordinate Reference: Well Silver Bar 35 Fed State Com 133H
 TVD Reference: 3336+25 @ 3361.00usft
 MD Reference: 3336+25 @ 3361.00usft
 North Reference: Grid
 Survey Calculation Method: Minimum Curvature

Planned Survey

Measured Depth (usft)	Inclination (°)	Azimuth (°)	Vertical Depth (usft)	+N/-S (usft)	+E/-W (usft)	Vertical Section (usft)	Dogleg Rate (°/100usft)	Build Rate (°/100usft)	Turn Rate (°/100usft)
5,800.00	5.91	356.82	5,778.52	422.04	-23.48	-25.47	0.00	0.00	0.00
5,900.00	5.91	356.82	5,877.99	432.33	-24.05	-26.09	0.00	0.00	0.00
5,966.03	5.91	356.82	5,943.66	439.12	-24.43	-26.50	0.00	0.00	0.00
Parkway Delaware Unit #501-5910' MD									
6,000.00	5.91	356.82	5,977.46	442.62	-24.62	-26.71	0.00	0.00	0.00
6,100.00	5.91	356.82	6,076.92	452.90	-25.20	-27.33	0.00	0.00	0.00
6,200.00	5.91	356.82	6,176.39	463.19	-25.77	-27.95	0.00	0.00	0.00
6,300.00	5.91	356.82	6,275.86	473.47	-26.34	-28.57	0.00	0.00	0.00
6,400.00	5.91	356.82	6,375.33	483.76	-26.91	-29.19	0.00	0.00	0.00
6,500.00	5.91	356.82	6,474.79	494.05	-27.49	-29.81	0.00	0.00	0.00
6,600.00	5.91	356.82	6,574.26	504.33	-28.06	-30.43	0.00	0.00	0.00
6,700.00	5.91	356.82	6,673.73	514.62	-28.63	-31.05	0.00	0.00	0.00
6,800.00	5.91	356.82	6,773.20	524.91	-29.20	-31.68	0.00	0.00	0.00
6,900.00	5.91	356.82	6,872.67	535.19	-29.77	-32.30	0.00	0.00	0.00
7,000.00	5.91	356.82	6,972.13	545.48	-30.35	-32.92	0.00	0.00	0.00
7,100.00	5.91	356.82	7,071.60	555.76	-30.92	-33.54	0.00	0.00	0.00
7,144.64	5.91	356.82	7,116.00	560.35	-31.17	-33.81	0.00	0.00	0.00
1st Bone Spring SD									
7,200.00	5.91	356.82	7,171.07	566.05	-31.49	-34.16	0.00	0.00	0.00
7,300.00	5.91	356.82	7,270.54	576.34	-32.06	-34.78	0.00	0.00	0.00
7,345.71	5.91	356.82	7,316.00	581.04	-32.32	-35.06	0.00	0.00	0.00
2nd Bone Spring LM									
7,400.00	5.91	356.82	7,370.01	586.62	-32.64	-35.40	0.00	0.00	0.00
7,500.00	5.91	356.82	7,469.47	596.91	-33.21	-36.02	0.00	0.00	0.00
7,600.00	5.91	356.82	7,568.94	607.19	-33.78	-36.64	0.00	0.00	0.00
7,700.00	5.91	356.82	7,668.41	617.48	-34.35	-37.26	0.00	0.00	0.00
7,738.29	5.91	356.82	7,706.49	621.42	-34.57	-37.50	0.00	0.00	0.00
7,800.00	4.99	356.82	7,767.93	627.27	-34.90	-37.85	1.50	-1.50	0.00
7,900.00	3.49	356.82	7,867.65	634.65	-35.31	-38.30	1.50	-1.50	0.00
7,968.44	2.46	356.82	7,936.00	638.19	-35.50	-38.51	1.50	-1.50	0.00
2nd Bone Spring SD									
8,000.00	1.99	356.82	7,967.53	639.42	-35.57	-38.59	1.50	-1.50	0.00
8,100.00	0.49	356.82	8,067.51	641.57	-35.69	-38.72	1.50	-1.50	0.00
8,132.49	0.00	0.00	8,100.00	641.71	-35.70	-38.72	1.50	-1.50	0.00
EON(SB35 133H)									
8,200.00	0.00	0.00	8,167.51	641.71	-35.70	-38.72	0.00	0.00	0.00
8,298.49	0.00	0.00	8,266.00	641.71	-35.70	-38.72	0.00	0.00	0.00
3rd Bone Spring LM									
8,300.00	0.00	0.00	8,267.51	641.71	-35.70	-38.72	0.00	0.00	0.00
8,400.00	0.00	0.00	8,367.51	641.71	-35.70	-38.72	0.00	0.00	0.00
8,500.00	0.00	0.00	8,467.51	641.71	-35.70	-38.72	0.00	0.00	0.00
8,600.00	0.00	0.00	8,567.51	641.71	-35.70	-38.72	0.00	0.00	0.00
8,664.29	0.00	0.00	8,631.80	641.71	-35.70	-38.72	0.00	0.00	0.00
KOP: 8664.29' MD, -38.72 VS, 8631.80' TVD									
8,700.00	3.57	80.29	8,667.48	641.90	-34.60	-37.63	10.00	10.00	0.00
8,750.00	8.57	80.29	8,717.19	642.79	-29.39	-32.42	10.00	10.00	0.00
8,800.00	13.57	80.29	8,766.24	644.41	-19.93	-22.97	10.00	10.00	0.00
8,850.00	18.57	80.29	8,814.27	646.74	-6.29	-9.34	10.00	10.00	0.00
8,900.00	23.57	80.29	8,860.91	649.77	11.42	8.36	10.00	10.00	0.00
8,905.56	24.13	80.29	8,866.00	650.15	13.63	10.57	10.00	10.00	0.00
3rd Bone Spring SD									
8,950.00	28.57	80.29	8,905.81	653.48	33.07	29.99	10.00	10.00	0.00
9,000.00	33.57	80.29	8,948.63	657.83	58.50	55.40	10.00	10.00	0.00



Planning Report

Database: EDM 5000.14 Single User Db
Company: Colgate Energy
Project: Eddy County, NM (N83-NME)
Site: Silver Bar 35 Fed State Com
Well: Silver Bar 35 Fed State Com 133H
Wellbore: 133H
Design: Plan #1

Local Co-ordinate Reference: Well Silver Bar 35 Fed State Com 133H
TVD Reference: 3336+25 @ 3361.00usft
MD Reference: 3336+25 @ 3361.00usft
North Reference: Grid
Survey Calculation Method: Minimum Curvature

Planned Survey

Measured Depth (usft)	Inclination (°)	Azimuth (°)	Vertical Depth (usft)	+N/-S (usft)	+E/-W (usft)	Vertical Section (usft)	Dogleg Rate (°/100usft)	Build Rate (°/100usft)	Turn Rate (°/100usft)
9,050.00	38.57	80.29	8,989.03	662.79	87.51	84.38	10.00	10.00	0.00
9,100.00	43.57	80.29	9,026.71	668.33	119.87	116.72	10.00	10.00	0.00
9,150.00	48.57	80.29	9,061.39	674.40	155.36	152.18	10.00	10.00	0.00
FTP(SB35 133H)									
9,200.00	53.57	80.29	9,092.80	680.96	193.68	190.47	10.00	10.00	0.00
9,250.00	58.57	80.29	9,120.70	687.96	234.56	231.32	10.00	10.00	0.00
9,264.29	60.00	80.29	9,127.99	690.03	246.67	243.42	10.00	10.00	0.00
EOC: 9264.29' MD, 243.42 VS, 9127.99' TVD									
9,300.00	63.36	81.67	9,144.93	694.95	277.71	274.44	10.00	9.41	3.86
9,350.00	68.08	83.47	9,165.49	700.83	322.90	319.59	10.00	9.45	3.60
9,400.00	72.82	85.15	9,182.21	705.49	369.77	366.44	10.00	9.48	3.37
9,450.00	77.58	86.75	9,194.98	708.90	417.97	414.63	10.00	9.51	3.20
9,500.00	82.34	88.29	9,203.69	711.03	467.15	463.79	10.00	9.53	3.08
9,550.00	87.11	89.79	9,208.29	711.86	516.91	513.55	10.00	9.54	3.01
9,565.89	88.63	90.27	9,208.88	711.85	532.79	529.43	10.00	9.54	2.99
9,600.00	88.63	90.27	9,209.69	711.69	566.89	563.53	0.00	0.00	0.00
9,700.00	88.63	90.27	9,212.08	711.22	666.86	663.50	0.00	0.00	0.00
9,800.00	88.63	90.27	9,214.47	710.75	766.83	763.47	0.00	0.00	0.00
9,900.00	88.63	90.27	9,216.86	710.28	866.80	863.44	0.00	0.00	0.00
10,000.00	88.63	90.27	9,219.26	709.80	966.77	963.42	0.00	0.00	0.00
10,100.00	88.63	90.27	9,221.65	709.33	1,066.74	1,063.39	0.00	0.00	0.00
10,200.00	88.63	90.27	9,224.04	708.86	1,166.71	1,163.36	0.00	0.00	0.00
10,300.00	88.63	90.27	9,226.43	708.39	1,266.68	1,263.33	0.00	0.00	0.00
10,400.00	88.63	90.27	9,228.82	707.92	1,366.65	1,363.30	0.00	0.00	0.00
10,500.00	88.63	90.27	9,231.21	707.45	1,466.62	1,463.27	0.00	0.00	0.00
10,600.00	88.63	90.27	9,233.60	706.98	1,566.59	1,563.24	0.00	0.00	0.00
10,700.00	88.63	90.27	9,235.99	706.51	1,666.56	1,663.22	0.00	0.00	0.00
10,800.00	88.63	90.27	9,238.38	706.04	1,766.53	1,763.19	0.00	0.00	0.00
10,900.00	88.63	90.27	9,240.77	705.56	1,866.50	1,863.16	0.00	0.00	0.00
11,000.00	88.63	90.27	9,243.16	705.09	1,966.47	1,963.13	0.00	0.00	0.00
11,100.00	88.63	90.27	9,245.55	704.62	2,066.44	2,063.10	0.00	0.00	0.00
11,200.00	88.63	90.27	9,247.95	704.15	2,166.41	2,163.07	0.00	0.00	0.00
11,300.00	88.63	90.27	9,250.34	703.68	2,266.38	2,263.04	0.00	0.00	0.00
11,400.00	88.63	90.27	9,252.73	703.21	2,366.36	2,363.02	0.00	0.00	0.00
11,482.01	88.63	90.27	9,254.69	702.82	2,448.34	2,445.00	0.00	0.00	0.00
Start DLS 2.00 TFO 0.00									
11,493.01	88.85	90.27	9,254.93	702.77	2,459.34	2,456.00	2.00	2.00	0.00
11,500.00	88.85	90.27	9,255.07	702.74	2,466.33	2,462.99	0.00	0.00	0.00
11,600.00	88.85	90.27	9,257.08	702.27	2,566.31	2,562.97	0.00	0.00	0.00
11,700.00	88.85	90.27	9,259.08	701.80	2,666.28	2,662.95	0.00	0.00	0.00
11,800.00	88.85	90.27	9,261.09	701.32	2,766.26	2,762.93	0.00	0.00	0.00
11,900.00	88.85	90.27	9,263.10	700.85	2,866.24	2,862.91	0.00	0.00	0.00
12,000.00	88.85	90.27	9,265.11	700.38	2,966.22	2,962.89	0.00	0.00	0.00
12,100.00	88.85	90.27	9,267.11	699.91	3,066.20	3,062.87	0.00	0.00	0.00
12,200.00	88.85	90.27	9,269.12	699.44	3,166.18	3,162.85	0.00	0.00	0.00
12,300.00	88.85	90.27	9,271.13	698.97	3,266.16	3,262.83	0.00	0.00	0.00
12,400.00	88.85	90.27	9,273.13	698.50	3,366.14	3,362.81	0.00	0.00	0.00
12,500.00	88.85	90.27	9,275.14	698.03	3,466.11	3,462.79	0.00	0.00	0.00
12,600.00	88.85	90.27	9,277.15	697.56	3,566.09	3,562.77	0.00	0.00	0.00
12,700.00	88.85	90.27	9,279.15	697.08	3,666.07	3,662.75	0.00	0.00	0.00
12,800.00	88.85	90.27	9,281.16	696.61	3,766.05	3,762.73	0.00	0.00	0.00
12,900.00	88.85	90.27	9,283.17	696.14	3,866.03	3,862.71	0.00	0.00	0.00
13,000.00	88.85	90.27	9,285.18	695.67	3,966.01	3,962.69	0.00	0.00	0.00



Planning Report

Database: EDM 5000.14 Single User Db
Company: Colgate Energy
Project: Eddy County, NM (N83-NME)
Site: Silver Bar 35 Fed State Com
Well: Silver Bar 35 Fed State Com 133H
Wellbore: 133H
Design: Plan #1

Local Co-ordinate Reference: Well Silver Bar 35 Fed State Com 133H
TVD Reference: 3336+25 @ 3361.00usft
MD Reference: 3336+25 @ 3361.00usft
North Reference: Grid
Survey Calculation Method: Minimum Curvature

Planned Survey

Measured Depth (usft)	Inclination (°)	Azimuth (°)	Vertical Depth (usft)	+N/-S (usft)	+E/-W (usft)	Vertical Section (usft)	Dogleg Rate (°/100usft)	Build Rate (°/100usft)	Turn Rate (°/100usft)
13,100.00	88.85	90.27	9,287.18	695.20	4,065.99	4,062.67	0.00	0.00	0.00
13,200.00	88.85	90.27	9,289.19	694.73	4,165.97	4,162.65	0.00	0.00	0.00
13,300.00	88.85	90.27	9,291.20	694.26	4,265.94	4,262.63	0.00	0.00	0.00
13,364.08	88.85	90.27	9,292.48	693.96	4,330.01	4,326.69	0.00	0.00	0.00
Parkway Delaware Unit #801-6002' MD									
13,400.00	88.85	90.27	9,293.20	693.79	4,365.92	4,362.61	0.00	0.00	0.00
13,500.00	88.85	90.27	9,295.21	693.32	4,465.90	4,462.58	0.00	0.00	0.00
13,600.00	88.85	90.27	9,297.22	692.84	4,565.88	4,562.56	0.00	0.00	0.00
13,700.00	88.85	90.27	9,299.22	692.37	4,665.86	4,662.54	0.00	0.00	0.00
13,713.39	88.85	90.27	9,299.49	692.31	4,679.25	4,675.94	0.00	0.00	0.00
Parkway Delaware Unit #707-4590' MD									
13,800.00	88.85	90.27	9,301.23	691.90	4,765.84	4,762.52	0.00	0.00	0.00
13,900.00	88.85	90.27	9,303.24	691.43	4,865.82	4,862.50	0.00	0.00	0.00
14,000.00	88.85	90.27	9,305.25	690.96	4,965.80	4,962.48	0.00	0.00	0.00
14,062.53	88.85	90.27	9,306.50	690.67	5,028.31	5,025.00	0.00	0.00	0.00
Start Build 2.00									
14,068.53	88.97	90.27	9,306.61	690.64	5,034.31	5,031.00	2.00	2.00	0.00
14,100.00	88.97	90.27	9,307.18	690.49	5,065.78	5,062.47	0.00	0.00	0.00
14,200.00	88.97	90.27	9,308.98	690.02	5,165.76	5,162.45	0.00	0.00	0.00
14,300.00	88.97	90.27	9,310.78	689.55	5,265.74	5,262.43	0.00	0.00	0.00
14,400.00	88.97	90.27	9,312.57	689.08	5,365.72	5,362.42	0.00	0.00	0.00
14,487.55	88.97	90.27	9,314.15	688.66	5,453.26	5,449.95	0.00	0.00	0.00
Parkway Delaware Unit #921-4903' MD									
14,492.05	88.97	90.27	9,314.23	688.64	5,457.76	5,454.46	0.00	0.00	0.00
Parkway Delaware Unit #922-5000' MD									
14,500.00	88.97	90.27	9,314.37	688.60	5,465.71	5,462.40	0.00	0.00	0.00
14,600.00	88.97	90.27	9,316.17	688.13	5,565.69	5,562.38	0.00	0.00	0.00
14,700.00	88.97	90.27	9,317.97	687.66	5,665.67	5,662.37	0.00	0.00	0.00
14,800.00	88.97	90.27	9,319.76	687.19	5,765.65	5,762.35	0.00	0.00	0.00
14,868.82	88.97	90.27	9,321.00	686.87	5,834.46	5,831.16	0.00	0.00	0.00
Wolfcamp A									
14,900.00	88.97	90.27	9,321.56	686.72	5,865.64	5,862.34	0.00	0.00	0.00
15,000.00	88.97	90.27	9,323.36	686.25	5,965.62	5,962.32	0.00	0.00	0.00
15,100.00	88.97	90.27	9,325.16	685.78	6,065.60	6,062.30	0.00	0.00	0.00
15,200.00	88.97	90.27	9,326.95	685.31	6,165.59	6,162.29	0.00	0.00	0.00
15,300.00	88.97	90.27	9,328.75	684.83	6,265.57	6,262.27	0.00	0.00	0.00
15,400.00	88.97	90.27	9,330.55	684.36	6,365.55	6,362.26	0.00	0.00	0.00
15,500.00	88.97	90.27	9,332.35	683.89	6,465.53	6,462.24	0.00	0.00	0.00
15,600.00	88.97	90.27	9,334.14	683.42	6,565.52	6,562.22	0.00	0.00	0.00
15,700.00	88.97	90.27	9,335.94	682.95	6,665.50	6,662.21	0.00	0.00	0.00
15,800.00	88.97	90.27	9,337.74	682.48	6,765.48	6,762.19	0.00	0.00	0.00
15,809.33	88.97	90.27	9,337.91	682.43	6,774.81	6,771.52	0.00	0.00	0.00
Parkway Delaware Unit #923-5000' MD									
15,900.00	88.97	90.27	9,339.54	682.01	6,865.46	6,862.17	0.00	0.00	0.00
16,000.00	88.97	90.27	9,341.33	681.54	6,965.45	6,962.16	0.00	0.00	0.00
16,100.00	88.97	90.27	9,343.13	681.07	7,065.43	7,062.14	0.00	0.00	0.00
16,200.00	88.97	90.27	9,344.93	680.59	7,165.41	7,162.13	0.00	0.00	0.00
16,300.00	88.97	90.27	9,346.73	680.12	7,265.40	7,262.11	0.00	0.00	0.00
16,400.00	88.97	90.27	9,348.52	679.65	7,365.38	7,362.09	0.00	0.00	0.00
16,500.00	88.97	90.27	9,350.32	679.18	7,465.36	7,462.08	0.00	0.00	0.00
16,537.93	88.97	90.27	9,351.00	679.00	7,503.28	7,500.00	0.00	0.00	0.00
Start DLS 2.00 TFO -179.13									
16,549.47	88.74	90.27	9,351.23	678.95	7,514.82	7,511.54	2.00	-2.00	-0.03



Planning Report

Database: EDM 5000.14 Single User Db
Company: Colgate Energy
Project: Eddy County, NM (N83-NME)
Site: Silver Bar 35 Fed State Com
Well: Silver Bar 35 Fed State Com 133H
Wellbore: 133H
Design: Plan #1

Local Co-ordinate Reference: Well Silver Bar 35 Fed State Com 133H
TVD Reference: 3336+25 @ 3361.00usft
MD Reference: 3336+25 @ 3361.00usft
North Reference: Grid
Survey Calculation Method: Minimum Curvature

Planned Survey

Measured Depth (usft)	Inclination (°)	Azimuth (°)	Vertical Depth (usft)	+N/-S (usft)	+E/-W (usft)	Vertical Section (usft)	Dogleg Rate (°/100usft)	Build Rate (°/100usft)	Turn Rate (°/100usft)
16,600.00	88.74	90.27	9,352.35	678.71	7,565.34	7,562.06	0.00	0.00	0.00
16,700.00	88.74	90.27	9,354.55	678.25	7,665.31	7,662.03	0.00	0.00	0.00
16,800.00	88.74	90.27	9,356.75	677.78	7,765.29	7,762.01	0.00	0.00	0.00
16,900.00	88.74	90.27	9,358.95	677.32	7,865.26	7,861.98	0.00	0.00	0.00
17,000.00	88.74	90.27	9,361.15	676.85	7,965.24	7,961.96	0.00	0.00	0.00
17,100.00	88.74	90.27	9,363.35	676.39	8,065.21	8,061.94	0.00	0.00	0.00
17,200.00	88.74	90.27	9,365.55	675.92	8,165.19	8,161.91	0.00	0.00	0.00
17,300.00	88.74	90.27	9,367.75	675.46	8,265.16	8,261.89	0.00	0.00	0.00
17,400.00	88.74	90.27	9,369.95	674.99	8,365.14	8,361.86	0.00	0.00	0.00
17,500.00	88.74	90.27	9,372.15	674.53	8,465.11	8,461.84	0.00	0.00	0.00
17,600.00	88.74	90.27	9,374.35	674.06	8,565.09	8,561.81	0.00	0.00	0.00
17,700.00	88.74	90.27	9,376.55	673.60	8,665.06	8,661.79	0.00	0.00	0.00
17,800.00	88.74	90.27	9,378.75	673.13	8,765.04	8,761.77	0.00	0.00	0.00
17,900.00	88.74	90.27	9,380.95	672.67	8,865.01	8,861.74	0.00	0.00	0.00
18,000.00	88.74	90.27	9,383.15	672.20	8,964.99	8,961.72	0.00	0.00	0.00
18,100.00	88.74	90.27	9,385.35	671.74	9,064.96	9,061.69	0.00	0.00	0.00
18,200.00	88.74	90.27	9,387.55	671.27	9,164.93	9,161.67	0.00	0.00	0.00
18,300.00	88.74	90.27	9,389.75	670.81	9,264.91	9,261.65	0.00	0.00	0.00
18,400.00	88.74	90.27	9,391.95	670.34	9,364.88	9,361.62	0.00	0.00	0.00
18,500.00	88.74	90.27	9,394.15	669.88	9,464.86	9,461.60	0.00	0.00	0.00
18,600.00	88.74	90.27	9,396.35	669.41	9,564.83	9,561.57	0.00	0.00	0.00
18,700.00	88.74	90.27	9,398.55	668.95	9,664.81	9,661.55	0.00	0.00	0.00
18,800.00	88.74	90.27	9,400.75	668.48	9,764.78	9,761.52	0.00	0.00	0.00
18,900.00	88.74	90.27	9,402.95	668.02	9,864.76	9,861.50	0.00	0.00	0.00
19,000.00	88.74	90.27	9,405.15	667.55	9,964.73	9,961.48	0.00	0.00	0.00
19,100.00	88.74	90.27	9,407.35	667.09	10,064.71	10,061.45	0.00	0.00	0.00
19,200.00	88.74	90.27	9,409.55	666.62	10,164.68	10,161.43	0.00	0.00	0.00
19,300.00	88.74	90.27	9,411.75	666.16	10,264.66	10,261.40	0.00	0.00	0.00
19,400.00	88.74	90.27	9,413.95	665.69	10,364.63	10,361.38	0.00	0.00	0.00
19,437.64	88.74	90.27	9,414.78	665.52	10,402.26	10,399.01	0.00	0.00	0.00
LTP(SB35 133H)									
19,500.00	88.74	90.27	9,416.15	665.23	10,464.61	10,461.36	0.00	0.00	0.00
19,526.63	88.74	90.27	9,416.74	665.10	10,491.23	10,487.98	0.00	0.00	0.00
TD: 19527.63' MD, 10488.98 VS, 9416.76' TVD									
19,527.63	88.74	90.27	9,416.76	665.10	10,492.23	10,488.98	0.00	0.00	0.00
PBHL(SB35 133H)									



Planning Report

Database: EDM 5000.14 Single User Db
Company: Colgate Energy
Project: Eddy County, NM (N83-NME)
Site: Silver Bar 35 Fed State Com
Well: Silver Bar 35 Fed State Com 133H
Wellbore: 133H
Design: Plan #1

Local Co-ordinate Reference: Well Silver Bar 35 Fed State Com 133H
TVD Reference: 3336+25 @ 3361.00usft
MD Reference: 3336+25 @ 3361.00usft
North Reference: Grid
Survey Calculation Method: Minimum Curvature

Design Targets

Target Name

- hit/miss target - Shape	Dip Angle (°)	Dip Dir. (°)	TVD (usft)	+N/-S (usft)	+E/-W (usft)	Northing (usft)	Easting (usft)	Latitude	Longitude
EON(SB35 133H) - plan hits target center - Point	0.00	0.00	8,100.00	641.71	-35.70	587,383.49	627,328.16	32.61445780	-104.05405536
FTP(SB35 133H) - plan misses target center by 184.91usft at 9150.00usft MD (9061.39 TVD, 674.40 N, 155.36 E) - Point	0.00	0.00	9,196.00	714.47	35.08	587,456.25	627,398.94	32.61465728	-104.05382486
LTP(SB35 133H) - plan misses target center by 0.14usft at 19437.64usft MD (9414.78 TVD, 665.52 N, 10402.26 E) - Point	0.00	0.00	9,414.78	665.38	10,402.26	587,407.16	637,766.12	32.61444291	-104.02015544
PBHL(SB35 133H) - plan hits target center - Point	0.00	0.00	9,416.76	665.10	10,492.23	587,406.88	637,856.09	32.61444141	-104.01986325

Formations

Measured Depth (usft)	Vertical Depth (usft)	Name	Lithology	Dip (°)	Dip Direction (°)
138.00	138.00	Rustler			
203.00	203.00	Top of Salt			
1,151.00	1,151.00	Base of Salt			
1,354.00	1,354.00	Yates			
2,678.87	2,674.00	Capitan			
3,474.11	3,465.00	DLWR Mnt. Group			
5,315.91	5,297.00	Lower Brushy Canyon			
5,792.44	5,771.00	Bone Spring Lime			
7,144.64	7,116.00	1st Bone Spring SD			
7,345.71	7,316.00	2nd Bone Spring LM			
7,968.44	7,936.00	2nd Bone Spring SD			
8,298.49	8,266.00	3rd Bone Spring LM			
8,905.56	8,866.00	3rd Bone Spring SD			
14,868.82	9,321.00	Wolfcamp A			

Plan Annotations

Measured Depth (usft)	Vertical Depth (usft)	Local Coordinates		Comment
		+N/-S (usft)	+E/-W (usft)	
8,664.29	8,631.80	641.71	-35.70	KOP: 8664.29' MD, -38.72 VS, 8631.80' TVD
9,264.29	9,127.99	690.03	246.67	EOC: 9264.29' MD, 243.42 VS, 9127.99' TVD
11,482.01	9,254.69	702.82	2,448.34	Start DLS 2.00 TFO 0.00
14,062.53	9,306.50	690.67	5,028.31	Start Build 2.00
16,537.93	9,351.00	679.00	7,503.28	Start DLS 2.00 TFO -179.13
19,526.63	9,416.74	665.10	10,491.23	TD: 19527.63' MD, 10488.98 VS, 9416.76' TVD

PECOS DISTRICT SURFACE USE CONDITIONS OF APPROVAL

OPERATOR'S NAME:	COLGATE OPERATING LLC
WELL NAME & NO.:	SILVER BAR 35 FED STATE COM 133H
SURFACE HOLE FOOTAGE:	1015'/S & 65'/W
BOTTOM HOLE FOOTAGE:	1730'/S & 10'/E
LOCATION:	Section 35, T.19 S., R.29 E., NMP
COUNTY:	Eddy County, New Mexico
OPERATOR'S NAME:	COLGATE OPERATING LLC
WELL NAME & NO.:	SILVER BAR 35 FED STATE COM 134H
SURFACE HOLE FOOTAGE:	970'/S & 65'/W
BOTTOM HOLE FOOTAGE:	410'/S & 10'/E
LOCATION:	Section 35, T.19 S., R.29 E., NMP
COUNTY:	Eddy County, New Mexico

TABLE OF CONTENTS

Standard Conditions of Approval (COA) apply to this APD. If any deviations to these standards exist or special COAs are required, the section with the deviation or requirement will be checked below.

- ☐ **General Provisions**
- ☐ **Permit Expiration**
- ☐ **Archaeology, Paleontology, and Historical Sites**
- ☐ **Noxious Weeds**
- ☒ **Special Requirements**
 - Cave/Karst
 - Hydrology
 - Potash Minerals
- ☐ **Construction**
 - Notification
 - Topsoil
 - Closed Loop System
 - Federal Mineral Material Pits
 - Well Pads
 - Roads
- ☐ **Road Section Diagram**
- ☐ **Production (Post Drilling)**
 - Well Structures & Facilities
 - Access roads
- ☐ **Interim Reclamation**
- ☐ **Final Abandonment & Reclamation**

I. GENERAL PROVISIONS

The approval of the Application For Permit To Drill (APD) is in compliance with all applicable laws and regulations: 43 Code of Federal Regulations 3160, the lease terms, Onshore Oil and Gas Orders, Notices To Lessees, New Mexico Oil Conservation Division (NMOCD) Rules, National Historical Preservation Act As Amended, and instructions and orders of the Authorized Officer. Any request for a variance shall be submitted to the Authorized Officer on Form 3160-5, Sundry Notices and Report on Wells.

II. PERMIT EXPIRATION

If the permit terminates prior to drilling and drilling cannot be commenced within 60 days after expiration, an operator is required to submit Form 3160-5, Sundry Notices and Reports on Wells, requesting surface reclamation requirements for any surface disturbance. However, if the operator will be able to initiate drilling within 60 days after the expiration of the permit, the operator must have set the conductor pipe in order to allow for an extension of 60 days beyond the expiration date of the APD. (Filing of a Sundry Notice is required for this 60 day extension.)

III. ARCHAEOLOGICAL, PALEONTOLOGY & HISTORICAL SITES

Any cultural and/or paleontological resource discovered by the operator or by any person working on the operator's behalf shall immediately report such findings to the Authorized Officer. The operator is fully accountable for the actions of their contractors and subcontractors. The operator shall suspend all operations in the immediate area of such discovery until written authorization to proceed is issued by the Authorized Officer. An evaluation of the discovery shall be made by the Authorized Officer to determine the appropriate actions that shall be required to prevent the loss of significant cultural or scientific values of the discovery. The operator shall be held responsible for the cost of the proper mitigation measures that the Authorized Officer assesses after consultation with the operator on the evaluation and decisions of the discovery. Any unauthorized collection or disturbance of cultural or paleontological resources may result in a shutdown order by the Authorized Officer.

IV. NOXIOUS WEEDS

The operator shall be held responsible if noxious weeds become established within the areas of operations. Weed control shall be required on the disturbed land where noxious weeds exist, which includes the roads, pads, associated pipeline corridor, and adjacent land affected by the establishment of weeds due to this action. The operator shall consult with the Authorized Officer for acceptable weed control methods, which include following EPA and BLM requirements and policies.

V. SPECIAL REQUIREMENT(S)

Hydrology:

The entire well pad(s) will be bermed to prevent oil, salt, and other chemical contaminants from leaving the well pad. The compacted berm shall be constructed at a minimum of 12 inches with impermeable mineral material (e.g. caliche). Topsoil shall not be used to construct the berm. No water flow from the uphill side(s) of the pad shall be allowed to enter the well pad. The integrity of the berm shall be maintained around the surfaced pad throughout the life of the well and around the downsized pad after interim reclamation has been completed. Any water erosion that may occur due to the construction of the well pad during the life of the well will be quickly corrected and proper measures will be taken to prevent future erosion. Stockpiling of topsoil is required. The top soil shall be stockpiled in an appropriate location to prevent loss of soil due to water or wind erosion and not used for berming or erosion control. If fluid collects within the bermed area, the fluid must be vacuumed into a safe container and disposed of properly at a state approved facility. The berm would be maintained through the life of the wells and after interim reclamation has been completed.

Tank battery locations will be lined and bermed. A 20 mil permanent liner will be installed with a 4 oz. felt backing to prevent tears or punctures. Tank battery berms must be large enough to contain 1 ½ times the content of the largest tank or 24 hour production, whichever is greater. Automatic shut off, check valves, or similar systems will be installed for tanks to minimize the effects of catastrophic line failures used in production or drilling.

Range

Livestock Watering Requirement

Any damage to structures that provide water to livestock throughout the life of the well, caused by operations from the well site, must be immediately corrected by the operator. The operator must notify the BLM office (575-234-5972) and the private surface landowner or the grazing allotment holder if any damage occurs to structures that provide water to livestock.

VI. CONSTRUCTION

A. NOTIFICATION

The BLM shall administer compliance and monitor construction of the access road and well pad. Notify the Carlsbad Field Office at (575) 234-5909 at least 3 working days prior to commencing construction of the access road and/or well pad.

When construction operations are being conducted on this well, the operator shall have the approved APD and Conditions of Approval (COA) on the well site and they shall be made available upon request by the Authorized Officer.

B. TOPSOIL

The operator shall strip the top portion of the soil (root zone) from the entire well pad area and stockpile the topsoil along the edge of the well pad as depicted in the APD. The root zone is typically six (6) inches in depth. All the stockpiled topsoil will be redistributed over the interim reclamation areas. Topsoil shall not be used for berming the pad or facilities. For final reclamation, the topsoil shall be spread over the entire pad area for seeding preparation.

Other subsoil (below six inches) stockpiles must be completely segregated from the topsoil stockpile. Large rocks or subsoil clods (not evident in the surrounding terrain) must be buried within the approved area for interim and final reclamation.

C. CLOSED LOOP SYSTEM

Tanks are required for drilling operations: No Pits.

The operator shall properly dispose of drilling contents at an authorized disposal site.

D. FEDERAL MINERAL MATERIALS PIT

Payment shall be made to the BLM prior to removal of any federal mineral materials. Call the Carlsbad Field Office at (575) 234-5972.

E. WELL PAD SURFACING

Surfacing of the well pad is not required.

If the operator elects to surface the well pad, the surfacing material may be required to be removed at the time of reclamation. The well pad shall be constructed in a manner which creates the smallest possible surface disturbance, consistent with safety and operational needs.

F. EXCLOSURE FENCING (CELLARS & PITS)

Exclosure Fencing

The operator will install and maintain exclosure fencing for all open well cellars to prevent access to public, livestock, and large forms of wildlife before and after drilling operations until the pit is free of fluids and the operator initiates backfilling. (For examples of exclosure fencing design, refer to BLM's Oil and Gas Gold Book, Exclosure Fence Illustrations, Figure 1, Page 18.)

G. ON LEASE ACCESS ROADS**Road Width**

The access road shall have a driving surface that creates the smallest possible surface disturbance and does not exceed fourteen (14) feet in width. The maximum width of surface disturbance, when constructing the access road, shall not exceed thirty (30) feet.

Surfacing

Surfacing material is not required on the new access road driving surface. If the operator elects to surface the new access road or pad, the surfacing material may be required to be removed at the time of reclamation.

Where possible, no improvements should be made on the unsurfaced access road other than to remove vegetation as necessary, road irregularities, safety issues, or to fill low areas that may sustain standing water.

The Authorized Officer reserves the right to require surfacing of any portion of the access road at any time deemed necessary. Surfacing may be required in the event the road deteriorates, erodes, road traffic increases, or it is determined to be beneficial for future field development. The surfacing depth and type of material will be determined at the time of notification.

Crowning

Crowning shall be done on the access road driving surface. The road crown shall have a grade of approximately 2% (i.e., a 1" crown on a 14' wide road). The road shall conform to Figure 1; cross section and plans for typical road construction.

Ditching

Ditching shall be required on both sides of the road.

Turnouts

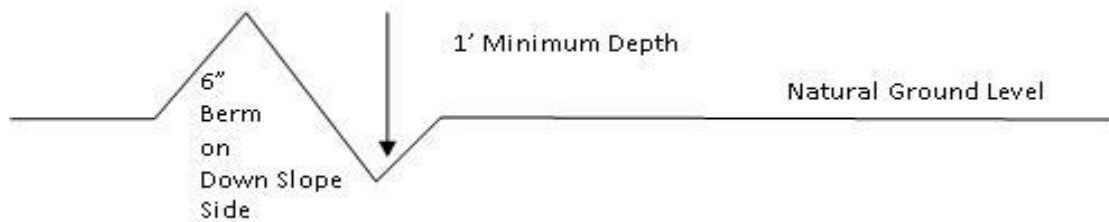
Vehicle turnouts shall be constructed on the road. Turnouts shall be intervisible with interval spacing distance less than 1000 feet. Turnouts shall conform to Figure 1; cross section and plans for typical road construction.

Drainage

Drainage control systems shall be constructed on the entire length of road (e.g. ditches, sidehill outsloping and insloping, lead-off ditches, culvert installation, and low water crossings).

A typical lead-off ditch has a minimum depth of 1 foot below and a berm of 6 inches above natural ground level. The berm shall be on the down-slope side of the lead-off ditch.

Cross Section of a Typical Lead-off Ditch



All lead-off ditches shall be graded to drain water with a 1 percent minimum to 3 percent maximum ditch slope. The spacing interval are variable for lead-off ditches and shall be determined according to the formula for spacing intervals of lead-off ditches, but may be amended depending upon existing soil types and centerline road slope (in %);

Formula for Spacing Interval of Lead-off Ditches

Example - On a 4% road slope that is 400 feet long, the water flow shall drain water into a lead-off ditch. Spacing interval shall be determined by the following formula:

$$400 \text{ foot road with } 4\% \text{ road slope: } \frac{400'}{4\%} + 100' = 200' \text{ lead-off ditch interval}$$

Cattle guards

An appropriately sized cattle guard sufficient to carry out the project shall be installed and maintained at fence/road crossings. Any existing cattle guards on the access road route shall be repaired or replaced if they are damaged or have deteriorated beyond practical use. The operator shall be responsible for the condition of the existing cattle guards that are in place and are utilized during lease operations.

Fence Requirement

Where entry is granted across a fence line, the fence shall be braced and tied off on both sides of the passageway prior to cutting. The operator shall notify the private surface landowner or the grazing allotment holder prior to crossing any fences.

Public Access

Public access on this road shall not be restricted by the operator without specific written approval granted by the Authorized Officer.

Construction Steps

1. Salvage topsoil
2. Construct road

3. Redistribute topsoil
4. Revegetate slopes

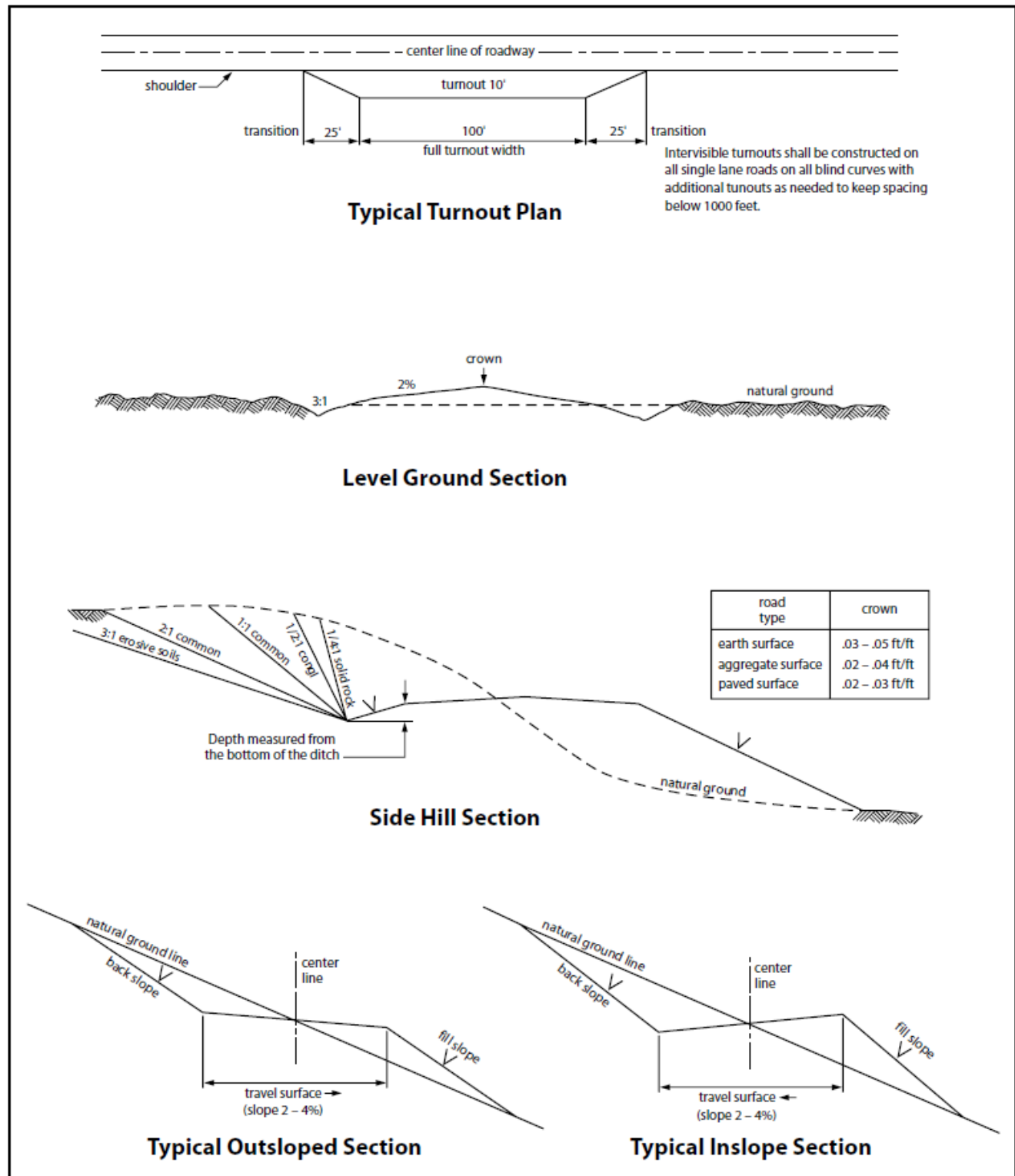


Figure 1. Cross-sections and plans for typical road sections representative of BLM resource or FS local and higher-class roads.

VII. PRODUCTION (POST DRILLING)

A. WELL STRUCTURES & FACILITIES

Placement of Production Facilities

Production facilities should be placed on the well pad to allow for maximum interim recontouring and revegetation of the well location.

Exclosure Netting (Open-top Tanks)

Immediately following active drilling or completion operations, the operator will take actions necessary to prevent wildlife and livestock access, including avian wildlife, to all open-topped tanks that contain or have the potential to contain salinity sufficient to cause harm to wildlife or livestock, hydrocarbons, or Resource Conservation and Recovery Act of 1976-exempt hazardous substances. At a minimum, the operator will net, screen, or cover open-topped tanks to exclude wildlife and livestock and prevent mortality. If the operator uses netting, the operator will cover and secure the open portion of the tank to prevent wildlife entry. The operator will net, screen, or cover the tanks until the operator removes the tanks from the location or the tanks no longer contain substances that could be harmful to wildlife or livestock. Use a maximum netting mesh size of 1 ½ inches. The netting must not be in contact with fluids and must not have holes or gaps.

Chemical and Fuel Secondary Containment and Exclosure Screening

The operator will prevent all hazardous, poisonous, flammable, and toxic substances from coming into contact with soil and water. At a minimum, the operator will install and maintain an impervious secondary containment system for any tank or barrel containing hazardous, poisonous, flammable, or toxic substances sufficient to contain the contents of the tank or barrel and any drips, leaks, and anticipated precipitation. The operator will dispose of fluids within the containment system that do not meet applicable state or U. S. Environmental Protection Agency livestock water standards in accordance with state law; the operator must not drain the fluids to the soil or ground. The operator will design, construct, and maintain all secondary containment systems to prevent wildlife and livestock exposure to harmful substances. At a minimum, the operator will install effective wildlife and livestock exclosure systems such as fencing, netting, expanded metal mesh, lids, and grate covers. Use a maximum netting mesh size of 1 ½ inches.

Open-Vent Exhaust Stack Exclosures

The operator will construct, modify, equip, and maintain all open-vent exhaust stacks on production equipment to prevent birds and bats from entering, and to discourage perching, roosting, and nesting. (*Recommended exclosure structures on open-vent exhaust stacks are in the shape of a cone.*) Production equipment includes, but may not be limited to, tanks, heater-treaters, separators, dehydrators, flare stacks, in-line units, and compressor mufflers.

Containment Structures

Proposed production facilities such as storage tanks and other vessels will have a secondary containment structure that is constructed to hold the capacity of 1.5 times the largest tank, plus freeboard to account for precipitation, unless more stringent protective requirements are deemed necessary.

Painting Requirement

All above-ground structures including meter housing that are not subject to safety requirements shall be painted a flat non-reflective paint color, **Shale Green** from the BLM Standard Environmental Color Chart (CC-001: June 2008).

B. OIL AND GAS RELATED SITES

STANDARD STIPULATIONS FOR OIL AND GAS RELATED SITES

A copy of the application (Grant/Sundry Notice) and attachments, including stipulations and map, will be on location during construction. BLM personnel may request to view a copy of your permit during construction to ensure compliance with all stipulations.

The holder agrees to comply with the following stipulations to the satisfaction of the Authorized Officer, BLM.

1. The holder shall indemnify the United States against any liability for damage to life or property arising from the occupancy or use of public lands under this grant and for all response costs, penalties, damages, claims, and other costs arising from the provisions of the Resource Conservation and Recovery Act (RCRA), 42 U.S.C. Chap. 82, Section 6901 et. seq., from the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA), 42 U.S.C. Chap. 109, Section 9601 et. seq., and from other applicable environmental statutes.
2. The holder shall comply with all applicable Federal laws and regulations existing or hereafter enacted or promulgated. In any event, the holder shall comply with the Toxic Substances Control Act of 1976, as amended (15 U.S.C. 2601, et. seq.) with regard to any toxic substances that are used, generated by or stored on the right-of-way or on facilities authorized by this grant. (See 40 CFR, Part 702-799 and especially, provisions on polychlorinated biphenyls, 40 CFR 761.1-761.193.) Additionally, any release of toxic substances (leaks, spills, etc.) in excess of the reportable quantity established by 40 CFR, Part 117 shall be reported as required by the Comprehensive Environmental Response, Compensation and Liability Act, Section 102b. A copy of any report required or requested by any Federal agency or State government as a result of a reportable release or spill of any toxic substances shall be furnished to the Authorized Officer concurrent with the filing of the reports to the involved Federal agency or State government.
3. The holder agrees to indemnify the United States against any liability arising from the release of any hazardous substance or hazardous waste (as these terms are defined in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. 9601, et. seq. or the Resource Conservation and Recovery Act, 42 U.S.C. 6901, et.

seq.) on the right-of-way (unless the release or threatened release is wholly unrelated to the right-of-way holder's activity on the right-of-way). This agreement applies without regard to whether a release is caused by the holder, its agent, or unrelated third parties.

4. If, during any phase of the construction, operation, maintenance, or termination of the site or related pipeline(s), any oil or other pollutant should be discharged from site facilities, the pipeline(s) or from containers or vehicles impacting Federal lands, the control and total removal, disposal, and cleanup of such oil or other pollutant, wherever found, shall be the responsibility of the holder, regardless of fault. Upon failure of the holder to control, dispose of, or clean up such discharge on or affecting Federal lands, or to repair all damages to Federal lands resulting therefrom, the Authorized Officer may take such measures as deemed necessary to control and cleanup the discharge and restore the area, including, where appropriate, the aquatic environment and fish and wildlife habitats, at the full expense of the holder. Such action by the Authorized Officer shall not relieve the holder of any liability or responsibility.

5. Sites shall be maintained in an orderly, sanitary condition at all times. Waste materials, both liquid and solid, shall be disposed of promptly at an appropriate, authorized waste disposal facility in accordance with all applicable State and Federal laws. "Waste" means all discarded matter including, but not limited to, human waste, trash, garbage, refuse, petroleum products, brines, chemicals, oil drums, ashes, and equipment.

6. The operator will notify the Bureau of Land Management (BLM) authorized officer and nearest Fish and Wildlife Service (FWS) Law Enforcement office within 24 hours, if the operator discovers a dead or injured federally protected species (i.e., migratory bird species, bald or golden eagle, or species listed by the FWS as threatened or endangered) in or adjacent to a pit, trench, tank, exhaust stack, or fence. (If the operator is unable to contact the FWS Law Enforcement office, the operator must contact the nearest FWS Ecological Services office.)

7. All above-ground structures not subject to safety requirements shall be painted by the holder to blend with the natural color of the landscape. The paint used shall be a color which simulates "Standard Environmental Colors" designated by the Rocky Mountain Five-State Interagency Committee. The color selected for this project is **Shale Green**, Munsell Soil Color Chart Number 5Y 4/2.

8. Any cultural and/or paleontological resource (historic or prehistoric site or object) discovered by the holder, or any person working on the holder's behalf, on public or Federal land shall be immediately reported to the Authorized Officer. The holder shall suspend all operations in the immediate area of such discovery until written authorization to proceed is issued by the Authorized Officer. An evaluation of the discovery will be made by the Authorized Officer to determine appropriate actions to prevent the loss of significant cultural or scientific values. The holder will be responsible for the cost of

evaluation and any decision as to the proper mitigation measures will be made by the Authorized Officer after consulting with the holder.

9. A sales contract for removal of mineral material (caliche, sand, gravel, fill dirt) from an authorized pit, site, or on location must be obtained from the BLM prior to commencing construction. There are several options available for purchasing mineral material: contact the BLM office (575-234-5972).

10. The operator shall be held responsible if noxious weeds become established within the areas of operations. Weed control shall be required on the disturbed land where noxious weeds exist, which includes the roads, pads, associated pipeline corridor, and adjacent land affected by the establishment of weeds due to this action. The operator shall consult with the Authorized Officer for acceptable weed control methods, which include following EPA and BLM requirements and policies.

11. Once the site is no longer in service or use, the site must undergo final abandonment. At final abandonment, the site and access roads must undergo "final" reclamation so that the character and productivity of the land are restored. Earthwork for final reclamation must be completed within six (6) months of the abandonment of the site. All pads and facility locations and roads must be reclaimed to a satisfactory revegetated, safe, and stable condition, unless an agreement is made with the landowner or BLM to keep the road and/or pad intact. After all disturbed areas have been satisfactorily prepared, these areas need to be revegetated with the seed mixture provided. Seeding should be accomplished by drilling on the contour whenever practical or by other approved methods. Seeding may need to be repeated until revegetation is successful, as determined by the BLM.

Operators shall contact a BLM surface protection specialist prior to surface abandonment operations for site specific objectives (Jim Amos: 575-234-5909).

12. The holder shall stockpile an adequate amount of topsoil where blading occurs. The topsoil to be stripped is approximately 6 inches in depth. The topsoil will be segregated from other spoil piles. The topsoil will be used for final reclamation.

13. The holder will reseed all disturbed areas. Seeding will be done according to the attached seeding requirements, using the following seed mix.

- | | |
|---|--|
| ☐ seed mixture 1 | ☐ seed mixture 3 |
| ☐ seed mixture 2 | ☒ seed mixture 4 |
| ☐ seed mixture 2/LPC | ☐ Aplomado Falcon Mixture |

14. In those areas where erosion control structures are required to stabilize soil conditions, the holder shall install such structures as are suitable for the specific soil

conditions being encountered and which are in accordance with sound management practices. Any earth work will require prior approval by the Authorized Officer.

15. Open-topped Tanks - The operator will take actions necessary to prevent wildlife and livestock access, including avian wildlife, to all open-topped tanks that contain or have the potential to contain salinity sufficient to cause harm to wildlife or livestock, hydrocarbons, or Resource Conservation and Recovery Act of 1976-exempt hazardous substances. At a minimum, the operator will net, screen, or cover open-topped tanks to exclude wildlife and livestock and prevent mortality. If the operator uses netting, the operator will cover and secure the open portion of the tank to prevent wildlife entry. The operator will net, screen, or cover the tanks until the operator removes the tanks from the location or the tanks no longer contain substances that could be harmful to wildlife or livestock. Use a maximum netting mesh size of 1 ½ inches. The netting must not be in contact with fluids and must not have holes or gaps

16. The operator will prevent all hazardous, poisonous, flammable, and toxic substances from coming into contact with soil and water. At a minimum, the operator will install and maintain an

impervious secondary containment system for any tank or barrel containing hazardous, poisonous, flammable, or toxic substances sufficient to contain the contents of the tank or barrel and any drips, leaks, and anticipated precipitation. The operator will dispose of fluids within the containment system that do not meet applicable state or U. S. Environmental Protection Agency livestock water standards in accordance with state law; the operator must not drain the fluids to the soil or ground. The operator will design, construct, and maintain all secondary containment systems to prevent wildlife and livestock exposure to harmful substances. At a minimum, the operator will install effective wildlife and livestock enclosure systems such as fencing, netting, expanded metal mesh, lids, and grate covers. Use a maximum netting mesh size of 1 ½ inches.

17. Open-Vent Exhaust Stack Enclosures – The operator will construct, modify, equip, and maintain all open-vent exhaust stacks on production equipment to prevent birds and bats from entering, and to discourage perching, roosting, and nesting. (Recommended enclosure structures on open-vent exhaust stacks are in the shape of a cone.) Production equipment includes, but may not be limited to, tanks, heater-treaters, separators, dehydrators, flare stacks, in-line units, and compressor mufflers.

18. Containment Structures - Proposed production facilities such as storage tanks and other vessels will have a secondary containment structure that is constructed to hold the capacity of 1.5 times the largest tank, plus freeboard to account for precipitation, unless more stringent protective requirements are deemed necessary.

19. Special Stipulations:

Hydrology:

The entire well pad(s) will be bermed to prevent oil, salt, and other chemical contaminants from leaving the well pad. The compacted berm shall be constructed at a minimum of 12 inches with impermeable mineral material (e.g. caliche). Topsoil shall not be used to construct the berm. No water flow from the uphill side(s) of the pad shall be allowed to enter the well pad. The integrity of the berm shall be maintained around the surfaced pad throughout the life of the well and around the downsized pad after interim reclamation has been completed. Any water erosion that may occur due to the construction of the well pad during the life of the well will be quickly corrected and proper measures will be taken to prevent future erosion. Stockpiling of topsoil is required. The topsoil shall be stockpiled in an appropriate location to prevent loss of soil due to water or wind erosion and not used for berming or erosion control. If fluid collects within the bermed area, the fluid must be vacuumed into a safe container and disposed of properly at a state approved facility.

Tank battery locations will be lined and bermed. A 20-mil permanent liner will be installed with a 4 oz. felt backing to prevent tears or punctures. Tank battery berms must be large enough to contain 1 ½ times the content of the largest tank or 24-hour production, whichever is greater. Automatic shut off, check valves, or similar systems will be installed for tanks to minimize the effects of catastrophic line failures used in production or drilling.

Karst/Cave:*Construction Mitigation*

In order to mitigate the impacts from construction activities on cave and karst resources, the following Conditions of Approval will apply to this APD or project:

General Construction:

- No blasting
- The BLM, Carlsbad Field Office, will be informed immediately if any subsurface drainage channels, cave passages, or voids are penetrated during construction, and no additional construction shall occur until clearance has been issued by the Authorized Officer.
- All linear surface disturbance activities will avoid sinkholes and other karst features to lessen the possibility of encountering near surface voids during construction, minimize changes to runoff, and prevent untimely leaks and spills from entering the karst drainage system.
- All spills or leaks will be reported to the BLM immediately for their immediate and proper treatment.

Pad Construction:

- The pad will be constructed and leveled by adding the necessary fill and caliche – no blasting.
- The entire perimeter of the well pad will be bermed to prevent oil, salt, and other chemical contaminants from leaving the well pad.

- The compacted berm shall be constructed at a minimum of 12 inches high with impermeable mineral material (e.g., caliche).
- No water flow from the uphill side(s) of the pad shall be allowed to enter the well pad.
- The topsoil stockpile shall be located outside the bermed well pad.
- Topsoil, either from the well pad or surrounding area, shall not be used to construct the berm.
- No storm drains, tubing or openings shall be placed in the berm.
- If fluid collects within the bermed area, the fluid must be vacuumed into a safe container and disposed of properly at a state approved facility.
- The integrity of the berm shall be maintained around the surfaced pad throughout the life of the well and around the downsized pad after interim reclamation has been completed.
- Any access road entering the well pad shall be constructed so that the integrity of the berm height surrounding the well pad is not compromised (i.e. an access road crossing the berm cannot be lower than the berm height).
- Following a rain event, all fluids will vacuumed off of the pad and hauled off-site and disposed at a proper disposal facility.

Road Construction:

- Turnout ditches and drainage leadoffs will not be constructed in such a manner as to alter the natural flow of water into or out of cave or karst features.
- Special restoration stipulations or realignment may be required if subsurface features are discovered during construction.

Drilling Mitigation

Federal regulations and standard Conditions of Approval applied to all APDs require that adequate measures are taken to prevent contamination to the environment. Due to the extreme sensitivity of the cave and karst resources in this project area, the following additional Conditions of Approval will be added to this APD.

To prevent cave and karst resource contamination the following will be required:

- Closed loop system using steel tanks - all fluids and cuttings will be hauled off-site and disposed of properly at an authorized site
- Rotary drilling with fresh water where cave or karst features are expected to prevent contamination of freshwater aquifers.
- Directional drilling is only allowed at depths greater than 100 feet below the cave occurrence zone to prevent additional impacts resulting from directional drilling.
- Lost circulation zones will be logged and reported in the drilling report so BLM can assess the situation and work with the operator on corrective actions.
- Additional drilling, casing, and cementing procedures to protect cave zones and fresh water aquifers. See drilling COAs.

Production Mitigation

In order to mitigate the impacts from production activities and due to the nature of karst terrane, the following Conditions of Approval will apply to this APD:

- Tank battery locations and facilities will be bermed and lined with a 20 mil thick permanent liner that has a 4 oz. felt backing, or equivalent, to prevent tears or punctures. Tank battery berms must be large enough to contain 1 ½ times the content of the largest tank.
- Development and implementation of a leak detection system to provide an early alert to operators when a leak has occurred.
- Automatic shut off, check valves, or similar systems will be installed for pipelines and tanks to minimize the effects of catastrophic line failures used in production or drilling.

Residual and Cumulative Mitigation

The operator will perform annual pressure monitoring on all casing annuli and reported in a sundry notice. If the test results indicated a casing failure has occurred, remedial action will be taken to correct the problem to the BLM's approval.

Plugging and Abandonment Mitigation

Upon well abandonment in high cave karst areas additional plugging conditions of approval may be required. The BLM will assess the situation and work with the operator to ensure proper plugging of the wellbore

Range:

Cattleguards

Where a permanent cattlegaurd is approved, an appropriately sized cattleguard(s) sufficient to carry out the project shall be installed and maintained at fence crossing(s). Any existing cattleguard(s) on the access road shall be repaired or replaced if they are damaged or have deteriorated beyond practical use. The operator shall be responsible for the condition of the existing cattleguard(s) that are in place and are utilized during lease operations. A gate shall be constructed on one side of the cattleguard and fastened securely to H-braces.

Fence Requirement

Where entry granted across a fence line, the fence must be braced and tied off on both sides of the passageway prior to cutting. Once the work is completed, the fence will be restored to its prior condition, or better. The operator shall notify the private surface landowner or the grazing allotment holder prior to crossing any fence(s).

Livestock Watering Requirement

Any damage to structures that provide water to livestock throughout the life of the well, caused by operations from the well site, must be immediately corrected by the operator. The operator must notify the BLM office (575-234-5972) and the private surface landowner or the grazing allotment holder if any damage occurs to structures that provide water to livestock.

VIII. INTERIM RECLAMATION

During the life of the development, all disturbed areas not needed for active support of production operations should undergo interim reclamation in order to minimize the environmental impacts of development on other resources and uses.

Within six (6) months of well completion, operators should work with BLM surface management specialists (Jim Amos: 575-234-5909) to devise the best strategies to reduce the size of the location. Interim reclamation should allow for remedial well operations, as well as safe and efficient removal of oil and gas.

During reclamation, the removal of caliche is important to increasing the success of revegetating the site. Removed caliche that is free of contaminants may be used for road repairs, fire walls or for building other roads and locations. In order to operate the well or complete workover operations, it may be necessary to drive, park and operate on restored interim vegetation within the previously disturbed area. Disturbing revegetated areas for production or workover operations will be allowed. If there is significant disturbance and loss of vegetation, the area will need to be revegetated. Communicate with the appropriate BLM office for any exceptions/exemptions if needed.

All disturbed areas after they have been satisfactorily prepared need to be reseeded with the seed mixture provided below.

Upon completion of interim reclamation, the operator shall submit a Sundry Notices and Reports on Wells, Subsequent Report of Reclamation (Form 3160-5).

IX. FINAL ABANDONMENT & RECLAMATION

At final abandonment, well locations, production facilities, and access roads must undergo "final" reclamation so that the character and productivity of the land are restored.

Earthwork for final reclamation must be completed within six (6) months of well plugging. All pads, pits, facility locations and roads must be reclaimed to a satisfactory revegetated, safe, and stable condition, unless an agreement is made with the landowner or BLM to keep the road and/or pad intact.

After all disturbed areas have been satisfactorily prepared, these areas need to be revegetated with the seed mixture provided below. Seeding should be accomplished by drilling on the contour whenever practical or by other approved methods. Seeding may need to be repeated until revegetation is successful, as determined by the BLM.

Operators shall contact a BLM surface protection specialist prior to surface abandonment operations for site specific objectives (Jim Amos: 575-234-5909).

PECOS DISTRICT DRILLING CONDITIONS OF APPROVAL

OPERATOR'S NAME:	Colgate Operating LLC
LOCATION:	Section 35, T.19 S., R.29 E., NMPM
COUNTY:	Eddy County, New Mexico

WELL NAME & NO.:	Silver Bar 35 Fed State Com 133H
SURFACE HOLE FOOTAGE:	1015'/S & 65'/W
BOTTOM HOLE FOOTAGE:	1730'/S & 10'/E

WELL NAME & NO.:	Silver Bar 35 Fed State Com 134H
SURFACE HOLE FOOTAGE:	970'/S & 65'/W
BOTTOM HOLE FOOTAGE:	410'/S & 10'/E

COA

H2S	☒ Yes	☐ No	
Potash	☐ None	☒ Secretary	☐ R-111-P
Cave/Karst Potential	☐ Low	☐ Medium	☒ High
Cave/Karst Potential	☐ Critical		
Variance	☐ None	☒ Flex Hose	☐ Other
Wellhead	☐ Conventional	☐ Multibowl	☒ Both
Other	☒ 4 String Area	☒ Capitan Reef	☐ WIPP
Other	☐ Fluid Filled	☐ Cement Squeeze	☐ Pilot Hole
Special Requirements	☐ Water Disposal	☒ COM	☐ Unit

A. HYDROGEN SULFIDE

A Hydrogen Sulfide (H2S) Drilling Plan shall be activated 500 feet prior to drilling into the **Cherry Canyon and Brushy Canyon** formation. As a result, the Hydrogen Sulfide area must meet Onshore Order 6 requirements, which includes equipment and personnel/public protection items. If Hydrogen Sulfide is encountered, please provide measured values and formations to the BLM.

B. CASING

- The **18 5/8** inch surface casing shall be set at approximately **330 feet** (a minimum of **70 feet (Eddy County)** into the Rustler Anhydrite and above the salt) and cemented to the surface.
Not enough cement to reach surface for the Surface casing, more sacks shall be required.

- a. If cement does not circulate to the surface, the appropriate BLM office shall be notified and a temperature survey utilizing an electronic type temperature survey with surface log readout will be used or a cement bond log shall be run to verify the top of the cement. Temperature survey will be run a minimum of six hours after pumping cement and ideally between 8-10 hours after completing the cement job.
 - b. Wait on cement (WOC) time for a primary cement job will be a minimum of **24 hours in the Potash Area** or 500 pounds compressive strength, whichever is greater. (This is to include the lead cement)
 - c. Wait on cement (WOC) time for a remedial job will be a minimum of 4 hours after bringing cement to surface or 500 pounds compressive strength, whichever is greater.
 - d. If cement falls back, remedial cementing will be done prior to drilling out that string.
2. The minimum required fill of cement behind the **13-3/8** inch intermediate casing shall be set at approximately **1270 feet** is:
 - Cement to surface. If cement does not circulate see B.1.a, c-d above.
Wait on cement (WOC) time for a primary cement job is to include the lead cement slurry due to cave/karst, potash or capitan reef.
 - ❖ In High Cave/Karst Areas if cement does not circulate to surface on the first two casing strings, the cement on the 3rd casing string must come to surface.
 - ❖ In Secretary Potash Areas if cement does not circulate to surface on the first two casing strings, the cement on the 3rd casing string must come to surface.
 - ❖ In Capitan Reef Areas if cement does not circulate to surface on the first two casing strings, the cement on the 3rd casing string must come to surface.
3. The minimum required fill of cement behind the **9-5/8** inch intermediate casing shall be set at approximately **3200 feet** is:

Option 1 (Single Stage):

- Cement should tie-back at least **50 feet** on top of Capitan Reef top **or 500 feet** into the previous casing, whichever is greater. If cement does not circulate see B.1.a, c-d above.
Wait on cement (WOC) time for a primary cement job is to include the lead cement slurry due to cave/karst, potash or capitan reef.

Option 2:

Operator has proposed a DV tool, the depth may be adjusted as long as the cement is changed proportionally. The DV tool may be cancelled if cement circulates to surface on the first stage.

- a. First stage to DV tool: Cement to circulate. If cement does not circulate off the DV tool, contact the appropriate BLM office before proceeding with second stage cement job.
- b. Second stage above DV tool:
 - Cement should tie-back at least **50 feet** on top of Capitan Reef top **or 200 feet** into the previous casing, whichever is greater. If cement does not circulate see B.1.a, c-d above.
Wait on cement (WOC) time for a primary cement job is to include the lead cement slurry due to cave/karst, potash or capitan reef.
4. The minimum required fill of cement behind the **5-1/2** inch production casing is:
 - Cement should tie-back at least **200 feet** into previous casing string. Operator shall provide method of verification.
Cement excess is less than 25%, more cement might be required.

C. PRESSURE CONTROL

1. Variance approved to use flex line from BOP to choke manifold. Manufacturer's specification to be readily available. No external damage to flex line. Flex line to be installed as straight as possible (no hard bends).'
2.
 - a. Minimum working pressure of the blowout preventer (BOP) and related equipment (BOPE) required for drilling below the surface casing shoe shall be **500** psi. A Diverter system is approved as a variance to drill the **13 3/8** inch casing in a **17 1/2** inch hole.
 - a. Operator has proposed a multi-bowl wellhead assembly. This assembly will only be tested when installed on the **13 3/8** inch intermediate casing. Minimum working pressure of the blowout preventer (BOP) and related equipment (BOPE) required for drilling below the surface casing shoe shall be **10,000 (10M)** psi. **Variance is approved to use a 5000 (5M) Annular which shall be tested to 5000 (5M) psi.**
 - a. Wellhead shall be installed by manufacturer's representatives, submit documentation with subsequent sundry.

- b. If the welding is performed by a third party, the manufacturer's representative shall monitor the temperature to verify that it does not exceed the maximum temperature of the seal.
- c. Manufacturer representative shall install the test plug for the initial BOP test.
- d. If the cement does not circulate and one inch operations would have been possible with a standard wellhead, the well head shall be cut off, cementing operations performed and another wellhead installed.
- e. Whenever any seal subject to test pressure is broken, all the tests in OOGO2.III.A.2.i must be followed.

D. SPECIAL REQUIREMENT (S)

Communitization Agreement

- The operator will submit a Communitization Agreement to the Santa Fe Office, 301 Dinosaur Trail Santa Fe, New Mexico 87508, at least 90 days before the anticipated date of first production from a well subject to a spacing order issued by the New Mexico Oil Conservation Division. The Communitization Agreement will include the signatures of all working interest owners in all Federal and Indian leases subject to the Communitization Agreement (i.e., operating rights owners and lessees of record), or certification that the operator has obtained the written signatures of all such owners and will make those signatures available to the BLM immediately upon request.
- If the operator does not comply with this condition of approval, the BLM may take enforcement actions that include, but are not limited to, those specified in 43 CFR 3163.1.
- In addition, the well sign shall include the surface and bottom hole lease numbers. When the Communitization Agreement number is known, it shall also be on the sign.

GENERAL REQUIREMENTS

The BLM is to be notified in advance for a representative to witness:

- a. Spudding well (minimum of 24 hours)
- b. Setting and/or Cementing of all casing strings (minimum of 4 hours)
- c. BOPE tests (minimum of 4 hours)

☒ Eddy County

Call the Carlsbad Field Office, 620 East Greene St., Carlsbad, NM 88220,
(575) 361-2822

☒ Lea County

Call the Hobbs Field Station, 414 West Taylor, Hobbs NM 88240, (575)
393-3612

1. Unless the production casing has been run and cemented or the well has been properly plugged, the drilling rig shall not be removed from over the hole without prior approval.
 - a. In the event the operator has proposed to drill multiple wells utilizing a skid/walking rig. Operator shall secure the wellbore on the current well, after installing and testing the wellhead, by installing a blind flange of like pressure rating to the wellhead and a pressure gauge that can be monitored while drilling is performed on the other well(s).
 - b. When the operator proposes to set surface casing with Spudder Rig
 - Notify the BLM when moving in and removing the Spudder Rig.
 - Notify the BLM when moving in the 2nd Rig. Rig to be moved in within 90 days of notification that Spudder Rig has left the location.
 - BOP/BOPE test to be conducted per Onshore Oil and Gas Order No. 2 as soon as 2nd Rig is rigged up on well.
2. Floor controls are required for 3M or Greater systems. These controls will be on the rig floor, unobstructed, readily accessible to the driller and will be operational at all times during drilling and/or completion activities. Rig floor is defined as the area immediately around the rotary table; the area immediately above the substructure on which the draw works are located, this does not include the dog house or stairway area.
3. The record of the drilling rate along with the GR/N well log run from TD to surface (horizontal well – vertical portion of hole) shall be submitted to the BLM office as well as all other logs run on the borehole 30 days from completion. If available, a digital copy of the logs is to be submitted in addition to the paper copies. The Rustler top and top and bottom of Salt are to be recorded on the Completion Report.

A. CASING

1. Changes to the approved APD casing program need prior approval if the items substituted are of lesser grade or different casing size or are Non-API. The Operator can exchange the components of the proposal with that of superior strength (i.e. changing from J-55 to N-80, or from 36# to 40#). Changes to the approved cement program need prior approval if the altered cement plan has less volume or strength or if the changes are substantial (i.e. Multistage tool, ECP, etc.). The initial wellhead installed on the well will remain on the well with spools used as needed.
2. Wait on cement (WOC) for Potash Areas: After cementing but before commencing any tests, the casing string shall stand cemented under pressure until both of the following conditions have been met: 1) cement reaches a minimum compressive strength of 500 psi for all cement blends, 2) until cement has been in place at least 24 hours. WOC time will be recorded in the driller's log. The casing integrity test can be done (prior to the cement setting up) immediately after bumping the plug.
3. Wait on cement (WOC) for Water Basin: After cementing but before commencing any tests, the casing string shall stand cemented under pressure until both of the following conditions have been met: 1) cement reaches a minimum compressive strength of 500 psi at the shoe, 2) until cement has been in place at least 8 hours. WOC time will be recorded in the driller's log. See individual casing strings for details regarding lead cement slurry requirements. The casing integrity test can be done (prior to the cement setting up) immediately after bumping the plug.
4. Provide compressive strengths including hours to reach required 500 pounds compressive strength prior to cementing each casing string. Have well specific cement details onsite prior to pumping the cement for each casing string.
5. No pea gravel permitted for remedial or fall back remedial without prior authorization from the BLM engineer.
6. On that portion of any well approved for a 5M BOPE system or greater, a pressure integrity test of each casing shoe shall be performed. Formation at the shoe shall be tested to a minimum of the mud weight equivalent anticipated to control the formation pressure to the next casing depth or at total depth of the well. This test shall be performed before drilling more than 20 feet of new hole.
7. If hardband drill pipe is rotated inside casing, returns will be monitored for metal. If metal is found in samples, drill pipe will be pulled and rubber protectors which have a larger diameter than the tool joints of the drill pipe will be installed prior to continuing drilling operations.
8. Whenever a casing string is cemented in the R-111-P potash area, the NMOCD requirements shall be followed.

B. PRESSURE CONTROL

1. All blowout preventer (BOP) and related equipment (BOPE) shall comply with well control requirements as described in Onshore Oil and Gas Order No. 2 and API RP 53 Sec. 17.
2. If a variance is approved for a flexible hose to be installed from the BOP to the choke manifold, the following requirements apply: The flex line must meet the requirements of API 16C. Check condition of flexible line from BOP to choke manifold, replace if exterior is damaged or if line fails test. Line to be as straight as possible with no hard bends and is to be anchored according to Manufacturer's requirements. The flexible hose can be exchanged with a hose of equal size and equal or greater pressure rating. Anchor requirements, specification sheet and hydrostatic pressure test certification matching the hose in service, to be onsite for review. These documents shall be posted in the company man's trailer and on the rig floor.
3. 5M or higher system requires an HCR valve, remote kill line and annular to match. The remote kill line is to be installed prior to testing the system and tested to stack pressure.
4. If the operator has proposed a multi-bowl wellhead assembly in the APD. The following requirements must be met:
 - a. Wellhead shall be installed by manufacturer's representatives, submit documentation with subsequent sundry.
 - b. If the welding is performed by a third party, the manufacturer's representative shall monitor the temperature to verify that it does not exceed the maximum temperature of the seal.
 - c. Manufacturer representative shall install the test plug for the initial BOP test.
 - d. Whenever any seal subject to test pressure is broken, all the tests in OOGO2.III.A.2.i must be followed.
 - e. If the cement does not circulate and one inch operations would have been possible with a standard wellhead, the well head shall be cut off, cementing operations performed and another wellhead installed.
5. The appropriate BLM office shall be notified a minimum of 4 hours in advance for a representative to witness the tests.
 - a. In a water basin, for all casing strings utilizing slips, these are to be set as soon as the crew and rig are ready and any fallback cement remediation has been done. The casing cut-off and BOP installation can be initiated four hours after installing the slips, which will be approximately six hours after bumping the plug. For those casing strings not using slips, the minimum wait time before cut-off is eight hours after bumping the plug. BOP/BOPE testing can begin after cut-off or once cement reaches 500 psi compressive strength (including lead when specified), whichever is greater. However, if the float does not

hold, cut-off cannot be initiated until cement reaches 500 psi compressive strength (including lead when specified).

- b. In potash areas, for all casing strings utilizing slips, these are to be set as soon as the crew and rig are ready and any fallback cement remediation has been done. For all casing strings, casing cut-off and BOP installation can be initiated at twelve hours after bumping the plug. However, **no tests** shall commence until the cement has had a minimum of 24 hours setup time, except the casing pressure test can be initiated immediately after bumping the plug (only applies to single stage cement jobs).
- c. The tests shall be done by an independent service company utilizing a test plug not a cup or J-packer. The operator also has the option of utilizing an independent tester to test without a plug (i.e. against the casing) pursuant to Onshore Order 2 with the pressure not to exceed 70% of the burst rating for the casing. Any test against the casing must meet the WOC time for water basin (8 hours) or potash (24 hours) or 500 pounds compressive strength, whichever is greater, prior to initiating the test (see casing segment as lead cement may be critical item).
- d. The test shall be run on a 5000 psi chart for a 2-3M BOP/BOP, on a 10000 psi chart for a 5M BOP/BOPE and on a 15000 psi chart for a 10M BOP/BOPE. If a linear chart is used, it shall be a one hour chart. A circular chart shall have a maximum 2 hour clock. If a twelve hour or twenty-four hour chart is used, tester shall make a notation that it is run with a two hour clock.
- e. The results of the test shall be reported to the appropriate BLM office.
- f. All tests are required to be recorded on a calibrated test chart. A copy of the BOP/BOPE test chart and a copy of independent service company test will be submitted to the appropriate BLM office.
- g. The BOP/BOPE test shall include a low pressure test from 250 to 300 psi. The test will be held for a minimum of 10 minutes if test is done with a test plug and 30 minutes without a test plug. This test shall be performed prior to the test at full stack pressure.
- h. BOP/BOPE must be tested by an independent service company within 500 feet of the top of the Wolfcamp formation if the time between the setting of the intermediate casing and reaching this depth exceeds 20 days. This test does not exclude the test prior to drilling out the casing shoe as per Onshore Order No. 2.

C. DRILLING MUD

Mud system monitoring equipment, with derrick floor indicators and visual and audio alarms, shall be operating before drilling into the Wolfcamp formation, and shall be used until production casing is run and cemented.

D. WASTE MATERIAL AND FLUIDS

All waste (i.e. drilling fluids, trash, salts, chemicals, sewage, gray water, etc.) created as a result of drilling operations and completion operations shall be safely contained and disposed of properly at a waste disposal facility. No waste material or fluid shall be disposed of on the well location or surrounding area.

Porto-johns and trash containers will be on-location during fracturing operations or any other crew-intensive operations.



H₂S Contingency Plan



Table of Contents

I. EMERGENCY ASSISTANCE TELEPHONE LIST	3
II. H ₂ S CONTINGENCY PLAN SECTION	5
III. OPERATING PROCEDURES	7
IV. OPERATING CONDITIONS	10
V. EMERGENCY PROCEDURES	11
VI. POST EMERGENCY ACTIONS	14
VII. IGNITION PROCEDURES	15
VIII. TRAINING PROGRAM	16
IX. EMERGENCY EQUIPMENT	16
X. CHECKLISTS	20
XI. BRIEFING PROCEDURES	22
XII. EVACUATION PLAN	23
XIII. APPENDICES AND GENERAL INFORMATION	24

I. EMERGENCY ASSISTANCE TELEPHONE LIST**PUBLIC SAFETY****911 or****Sheriff's Department:**

Eddy County Sherriff's Office (575) 887-7551

Fire Department:

Carlsbad Fire Department (575) 885-3125

Artesia Fire Department (575) 746-5051

Ambulance:

Elite Medical Transport (Carlsbad) (915) 542-1144

Trans Aero MedEvac (Artesia) (970) 657-7449

Hospitals:

Carlsbad Medical Center (575) 887-4100

Artesia General Hospital (575) 748-3333

New Mexico Dept. of Transportation:

Highway & Transportation Department (505) 795- 1401

New Mexico Railroad Commission:

Main Line (505) 476-3441

OSHA 24 Hr. Reporting

(800) 321-6742

(8 hrs. after death or 24 hrs. after in-patient, amputation, loss of an eye)

Office Contacts**911 or**

Colgate Energy LLC. (432) 695-4222
Vice President of Operations:

Casey McCain (432) 664-6140

Drilling Engineering Supervisor

Rafael Madrid (432) 556-6387

Drilling Engineering Technical Adviser

Steven Segrest (405) 550-0277

Operations Superintendent

Rick Lawson (432) 530- 3188

Drilling Superintendent

Daniel Cameron (405) 933-0435

Onsite Supervision (H&P 481 Rig Managers)

Juan Gutierrez (970)394-4768

Jonathan Jackson (970)394-4768

Onsite Supervision (H&P 481 Company Men)

Pierre Dupuis (432)438-0114

Eric Rutherford (432)438-0114

Rolando Torres (432)438-0114

Trevor Hein (432)438-0114

Emergency Accommodations

Safety Solutions Office (432) 563-0400

Safety Solutions Dispatch (432) 556-2002

Craig Strasner (432) 894-0341 (Cell)

II. H₂S CONTINGENCY PLAN SECTION

Scope:

This contingency plan provides an organized plan of action for alerting and protecting the public within an area of exposure prior to an intentional release or following the accidental release of a potentially hazardous volume of hydrogen sulfide. The plan establishes guidelines for all personnel whose work activity may involve exposure to Hydrogen Sulfide Gas (H₂S).

Objective:

Prevent any and all accidents and prevent the uncontrolled release of H₂S into the atmosphere.

Provide proper evacuation procedures to cope with emergencies.

Provide immediate and adequate medical attention should an injury occur.

Purpose, Distribution and Updating of Contingency Plan:

The Purpose of this contingency plan is to protect the general public from the harmful effects of H₂S accidentally escaping from the subject producing well. This plan is designed to accomplish its purpose by assuring the preparedness necessary to:

1. Minimize the possibility of releasing H₂S into the atmosphere during related operations.
2. Provide for the logical, efficient, and safe emergency actions required to protect the general public in the event of an accidental release of a potentially hazardous quantity of H₂S.

Supplemental information is included with this plan and is intended as reference material for anyone needing a more detailed understanding of the many factors pertinent to H₂S drilling operations safety. The release of a potentially hazardous quantity of H₂S is highly unlikely. If such a release should occur however, obviously the exact time, rate, duration, and other pertinent facts will be known in advance thus, this contingency plan must necessarily be somewhat general. The plan does review in detail, as is reasonably possible, the type of accidental release that could possibly endanger the general public, the probable extent of such danger, and the emergency actions generally appropriate. In the event of such an accidental release, the specific actions to be taken will have to be determined at the time of release by the responsible personnel at the drilling location. Complete familiarity with this plan will help such personnel make the proper decisions rapidly. Familiarity with this plan is so required all operators, operator representatives, and drilling contractor supervisory personnel who could possibly be on duty at the drilling location at the time of an H₂S emergency.

IT IS THE RESPONSIBILITY OF THE OPERATOR TO ASSURE SUCH FAMILIARITY BEFORE DRILLING WITHIN 1000' OR THREE DAYS PRIOR TO PENETRATION OF THE SHALLOWEST FORMATION KNOWN OR SUSPECTED TO CONTAIN H₂S IN POTENTIALLY HAZARDOUS QUANTITIES, AND ALSO TO ASSURE THE TIMELY ACCOMPLISHMENT OF ALL THE OTHER ACTION SPECIFIED HERE IN.

As this contingency plan was prepared considerably in advance of the anticipated H₂S operation, the plan must be kept current if it is to effectively serve its purpose. The operators will be responsible for seeing that all copies are updated. Updating the plan is required when any changes to the personnel Call List (Section) including telephone numbers occur or when any pertinent data or plans for the well are altered. The plan must also be updated when any changes in the general public likely to be within the exposure area in the event of an

accidental release from the well bore of a potentially hazardous quantity of H₂S. Two copies of this plan shall be retained at the office of Colgate Energy. Two copies shall be retained at the drilling location.

Discussion of Plan:

Suspected Problem Zones:

Implementation: This plan, with all details, is to be fully implemented 1000' before drilling into the first sour zone.

Emergency Response Procedure: This section outlines the conditions and denotes steps to be taken in the event of an emergency.

Emergency Equipment and Procedure: This section outlines the safety and emergency equipment that will be required for the drilling of this well.

Training Provisions: This section outlines the training provisions that must be adhered to 1000' before drilling into the first sour zone.

Emergency call list: Included are the telephone numbers of all persons that would need to be contacted, should an H₂S emergency occur.

Briefing: This section deals with the briefing of all persons involved with the drilling of this well.

Public Safety: Public Safety Personnel will be made aware of the drilling of this well.

Check Lists: Status check lists and procedural check lists have been included to ensure adherence to the plan.

General Information: A general information section has been included to supply support information.

III. OPERATING PROCEDURES

A. Blowout Preventer Drills

Due to the special piping and Mani folding necessary to handle poisonous gas, particular care will be taken to ensure that all rig personnel are completely familiar with their jobs during the drills. The Drilling Consultant and Tool Pusher (Rig Superintendent) are thoroughly familiar with the additional controls and piping necessary.

B. H₂S Alarm Drills

The Company Man and/ or designee will conduct frequent H₂S alarm drills for each crew by injecting a trace of H₂S where the detector will give an alarm. Under these conditions all personnel on location will put on air equipment and remain masked until all clear is announced.

C. Surface Annular Preventer/ Diverter System Testing

After installation of the surface annular preventer, Hydraulic Control Valve and diverter system, both are to be function tested. They also should be function tested frequently while drilling surface hole.

D. Blowout Preventer

After installation of the Blowout Preventer Stack, the stack will be pressure tested. The Choke manifold is also to be pressure tested at this time. This procedure will be repeated as required by the NMOCD, the BLM, or if any of the stack is nipped down. Also, at this time, the Blind and Pipe Rams are checked for correct operation.

E. Well Control Practice Drills and Safety Meeting for Crew Members

Pit drills are for the purpose of acquainting each member of the drilling crew with his duties in the event of an emergency. Drills will be held with each crew as frequently as required to thoroughly familiarize each man with his duties. Drills are to be held at least weekly from that time forward.

1. BOP Drill while on Bottom Drilling:

A. Signal will be three or more long blast given by driller on the horn.

B. Procedure will be as follows:

1. Tool Pusher: Supervises entire operation.

2. Driller

a. Gives signal.

b. Picks up Kelly.

c. Stops pumps.

d. Observes flow.

e. Signal to close (pipe rams if necessary).

f. Check that Choke Manifold is closed.

g. Record drill pipe pressure, casing pressure and determine mud volume gain.

3. Motorman

a. Go to closing unit and standby for signal to close BOP.

b. Close BOP in signal.

c. Check on BOP closing.

d. Go to floor to assist driller. (NOTE: During test drills the BOP

need not be completely closed at the discretion of the supervisor. Supervisor should make it very clear that it is a test drill only!)

4. Derrickman
 - a. Check pumps.
 - b. Go to floor for directions from the driller.
5. Floorman
 - a. Go to manifold.
 - b. Observe and record pressure.
 - c. Check manifold and BOP for leaks.
 - d. Check with driller for additional instructions.
2. BOP Drill While Making Trip:
 - A. During trip driller will fill hole every five (5) stands and check the pits to be sure hole is taking mud.
 - B. Drill Procedure is as follows:
 1. Driller
 - a. Order Safety valve installed.
 - b. Alert those not on the floor.
 - c. Go to stations as described in above drill.
3. Safety Meetings
 - A. Every person involved in the operating will be informed of the characteristics of H₂S, its danger and safety procedures to be used when it is encountered, and recommended first-aid procedure for regular rig personnel. This will be done through a series of talks made before spud.
 - B. The Safety Advisor or Drilling Supervisor will conduct these training sessions and will repeat them as deemed necessary by him or as instructed by Colgate Energy. Talks may include the following subjects:
 1. Dangers of Hydrogen Sulfide (H₂S).
 2. Use and limitations of air equipment.
 3. Use of resuscitator.
 4. Organize Buddy System.
 5. First Aid procedures.
 6. Use of H₂S detection devices.
 7. Designate responsible people.
 8. Explain rig layout and policy to visitors.
 - a. Designate smoking and safety or Muster area.
 - b. Emphasize the importance of wind directions.
 9. Describe and explain operation of BOP stack, manifold, separator, and pit piping. Include maximum allowable pressure for casing procedure.
 10. Explain functions of Safety Supervisor.
 11. Explain organize H₂S Drills.
 12. Explain the overall emergency plan with emphasis given to the evacuation phase of the plans.

- Note: The above talks will be attended by every person involved in the operation. When drilling has reached a depth where H₂S is anticipated, temporary service personnel and visitors will be directed to the Drilling Consultant, who will designate the air equipment to be used by them in case of emergency, acquaint them with the dangers involved and be sure of their safety while they are in the area. He will point out the Briefing Areas, Windsocks, and Smoking Areas. He may refuse entrance to anyone, who in his opinion should not be admitted because of lack of safety equipment, special operations in progress or for other reasons involving personnel safety.

F. Outside Service Personnel

All service people such as cementing crews, logging crews, specialist, mechanics, and welders will furnish their own safety equipment. The Company Man/ or designee will be sure that the number of people on location does not exceed the number of masks on location, and they have been briefed regarding safety procedures. He will also be sure each of these people know about smoking and "Briefing Areas" and know what to do in case of an emergency alert or drill. Visitors will be restricted, except with special permission from the Drilling Consultant, when H₂S might be encountered. They will be briefed as to what to do in case of an alert or drill.

G. Onsite/ off shift workers

All workers that are staying on site must be identified as to where they are staying while off tour. If a drill/ or emergency takes place related to an H₂S release, each crew must have a designated person(s) that will wake them up and ensure that they are cleared to the appropriate muster area immediately.

H. Simultaneous Operations (SIMOPS)

If work is going on adjacent to the location is the responsibility of the Drilling Consultant or designee to communicate any applicable risks that may affect personnel working on that adjacent location. In the case of an H₂S drill or event, there should be a designated crew member that is responsible for contacting personnel on adjacent locations. This could include just communication on potential events or in case of an event, notification to evacuate location. Drilling Consultant or designee are the Point of Contact and oversee all activities at such point of an H₂S event occurrence.

I. Area Residences/ Occupied Locations/ Public Roads

Any occupied residences/ businesses that are within a reasonable perimeter of the location (attached map will identify a 3000' radius around location) should be identified as part of this contingency and a reasonable effort will be made to gain contact information for them. As part of the briefing of the contingency plan, the team reviewing should identify where these potential receptors are and plan on who will contact them in case of a release that may impact that area.

J. Drilling Fluids

Drilling Fluid Monitoring – On Any Hazardous H₂S gas well, the earlier the warning of danger the better chance to control operations. Mud Company will be in daily contact with Colgate Energy Consultant. The Mud Engineer will take samples of the mud, analyze these samples, and make necessary recommendations to prevent H₂S gas from the formation, the pH will be increased as necessary for corrosion control.

pH Control – For normal drilling, pH of 10.5 – 11.5. Would be enough for corrosion protection. If there is an influx of H₂S gas from the formation, the pH will be increased as necessary for corrosion control.

H₂S Scavengers – If necessary H₂S scavengers will be added to the drilling mud.

IV. OPERATING CONDITIONS

A. Posting Well Condition Flags

Post the green, yellow or red well condition flag, as appropriate, on the well condition sign at the location entrance, and take necessary precautions as indicated below:

1. **Green Flag:** Potential Danger- When Drilling in known H₂S zones or when H₂S has been detected in the drilling fluid atmosphere. Protective breathing equipment shall be inspected, and all personnel on duty shall be alerted to be ready to use this equipment.
2. **Yellow Flag:** Potential Danger- When the threshold limit value of H₂S (10 PPM) or of SO₂ (5 PPM) is reached. If the concentration of H₂S or SO₂ reaches 10 PPM, protective breathing equipment shall be worn by all working personnel, and non-working personnel shall go to the upwind Safe Briefing Area.
3. **Red Flag:** Extreme danger*- When the ambient concentration of H₂S or SO₂ is reasonably believed or determined to have exceeded the potentially hazardous level. All non-essential personnel shall leave the drilling location taking the route most likely to exposure to escaping gas.

B. Requiring Air Masks Conditions

1. Whenever air masks are used, the person must be clean shaven as shown in the APC Guidelines
2. When breaking out any line where H₂S can reasonably be expected.
3. When sampling air in areas to determine if toxic concentrations of H₂S exist.
4. When working in areas where 10 PPM or more of H₂S has been detected.
5. At any time, there is doubt as to the H₂S level in the area to be entered.

C. Kick Procedure

1. It is very important that the driller be continuously alert, especially when approaching a gas formation.
2. Should gas come into the well bore, it is very important to be aware of a kick at the earliest time.
3. If a kick is identified, follow appropriate diverter or shut in procedures according to the situation that is presented utilizing appropriate kick procedures.

V. EMERGENCY PROCEDURES

- I. In the event of any evidence of H₂S level above 10ppm, take the following steps immediately:
 - a. Secure breathing apparatus.
 - b. Order non-essential personnel out of the danger zone.
 - c. Take steps to determine if the H₂S level can be corrected or suppressed, and if so, proceed with normal operations.
- II. If uncontrollable conditions occur, proceed with the following:
 - a. Take steps to protect and/or remove any public downwind of the rig, including partial evacuation or isolation. Notify necessary public safety personnel.
 - b. Remove all personnel to the Safe Briefing Area.
 - c. Notify public safety personnel for help with maintaining roadblocks, thus limiting traffic and implementing evacuation.
 - d. Determine and proceed with the best possible plan to regain control of the well. Maintain tight security and safety measures.
- III. Responsibility
 - a. The Company Approved Supervisor shall be responsible for the total implementation of the plan.
 - b. The Company Approved Supervisor shall be in complete command during any emergency.
 - c. The Company Approved Supervisor shall designate a backup Supervisor if he/she is not available.
- IV. Actions to be taken
 - a. Assign specific tasks to drilling location personnel
 - b. Evacuate the general public from the exposure area
 - c. Cordon off the exposure area to prevent entry by unauthorized persons
 - d. Request assistance if and as needed and initiate emergency notifications
 - e. Stop the dispersion of H₂S
 - f. Complete emergency notifications as required
 - g. Return the situation to normal

EMERGENCY PROCEDURE IMPLEMENTATION**I. Drilling or Tripping****a. All Personnel**

- i. When alarm sounds, don escape unit and report to upwind Safe Briefing Area.
- ii. Check status of other personnel (buddy system).
- iii. Secure breathing apparatus.
- iv. Wait for orders from supervisor.

b. Drilling Consultant

- i. Report to the upwind Safe Briefing Area.
- ii. Don Breathing Apparatus and return to the point of release with the Tool Pusher or Driller (buddy system).
- iii. Determine the concentration of H₂S.
- iv. Assess the situation and take appropriate control measures.

c. Tool Pusher

- i. Report to the upwind Safe Briefing Area.
- ii. Don Breathing Apparatus and return to the point of release with the Drilling Consultant or the Driller (buddy system).
- iii. Determine the concentration of H₂S.
- iv. Assess the situation and take appropriate control measures.

d. Driller

- i. Check the status of other personnel (in a rescue attempt, always use the buddy system).
- ii. Assign the least essential person to notify the Drilling Consultant and Tool Pusher, in the event of their absence.
- iii. Assume the responsibility of the Drilling Consultant and the Tool Pusher until they arrive, in the event of their absence.

e. Derrick Man and Floor Hands

- i. Remain in the upwind Safe Briefing Area until otherwise instructed by a supervisor.

f. Mud Engineer

- i. Report to the upwind Safe Briefing Area.
- ii. When instructed, begin check of mud for pH level and H₂S level.

g. Safety Personnel

- i. Don Breathing Apparatus.
- ii. Check status of personnel.
- iii. Wait for instructions from Drilling Consultant or Tool Pusher.

II. Taking a Kick

- a.* All Personnel report to the upwind Safe Briefing Area.
- b.* Follow standard BOP/ diverter procedures.

III. Open Hole Logging

- a.* All unnecessary personnel should leave the rig floor.
- b.* Drilling Consultant and Safety Personnel should monitor the conditions and make necessary safety equipment recommendations.

IV. Running Casing or Plugging

- a.* Follow "Drilling or Tripping" procedures.
- b.* Assure that all personnel have access to protective equipment.

VI. POST EMERGENCY ACTIONS

In the event this plan is activated, the following post emergency actions shall be taken in an effort to reduce the possibility of a reoccurrence of the type of problem that required its activation, and/or assure that any future activation of a similar plan will be as effective as possible.

- A. Review the factors that caused or permitted the emergency occur, and if the need is indicated, modify operating, maintenance and/or surveillance procedures.
- B. If the need is indicated, retrain employees in blowout prevention, H₂S emergency procedures and etc.
- C. Clean up, recharge, restock, repair, and/ or replace H₂S emergency equipment as necessary, and return it to its proper place. (For whatever rental equipment is used, this will be the responsibility of Rental Company).
- D. See that future H₂S drilling contingency plans are modified accordingly, if the need is indicated.

VII. IGNITION PROCEDURES

Responsibilities:

The decision to ignite the well is the responsibility of the DRILLING CONSULTANT in concurrence with the STATE POLICE. In the event the Drilling Consultant is incapacitated, it becomes the responsibility of the RIG TOOL PUSHER. This decision should be made only as a last resort and in a situation where it is clear that:

1. Human life and property are endangered.
2. There is no hope of controlling the blowout under the prevailing conditions.

If time permits, notify the main office, but do not delay if human life is in danger. Initiate the first phase of the evacuation plan.

Instructions for Igniting the Well:

1. Two people are required for the actual igniting operation. Both men must wear self-contained breathing apparatus and must use a full body harness and attach a retrievable safety line to the D-Ring in the back. One man must monitor the atmosphere for explosive gases with the LEL monitor, while the Drilling Consultant is responsible for igniting the well.
2. The primary method to ignite is a 25mm flare gun with a range of approximately 500 feet.
3. Ignite from upwind and do not approach any closer than is warranted.
4. Select the ignition site best suited for protection and which offers an easy escape route.
5. Before igniting, check for the presence of combustible gases.
6. After igniting, continue emergency actions and procedures as before.
7. All unassigned personnel will limit their actions to those directed by the Drilling Consultant.

Note: After the well is ignited, burning Hydrogen Sulfide will convert to Sulfur Dioxide, which is also highly toxic. Also, both are heavier than air. Do not assume the area is safe even after the well is ignited.

VIII. TRAINING PROGRAM

When working in an area where Hydrogen Sulfide (H₂S) might be encountered, definite training requirements must be carried out. The Company Supervisor will ensure that all personnel, at the well site, have had adequate training in the following:

1. Hazards and characteristics of Hydrogen Sulfide (H₂S).
2. Physical effects of Hydrogen Sulfide on the human body.
3. Toxicity of Hydrogen Sulfide and Sulfur Dioxide.
4. H₂S detection, Emergency alarm and sensor location.
5. Don and Doff of SCBA and be clean shaven.
6. Emergency rescue.
7. Resuscitators.
8. First aid and artificial resuscitation.
9. The effects of Hydrogen Sulfide on metals.
10. Location safety.

Service company personnel and visiting personnel must be notified if the zone contains H₂S, and each service company must provide adequate training and equipment for their employees before they arrive at the well site.

IX. EMERGENCY EQUIPMENT

Lease Entrance Sign:

Should be located at the lease entrance with the following information:

CAUTION – POTENTIAL POISON GAS
HYDROGEN SULFIDE
NO ADMITTANCE WITHOUT AUTHORIZATION

Respiratory Equipment:

- Fresh air breathing equipment should be placed at the safe briefing areas and should include the following:
- Two SCBA's at each briefing area.
- Enough airline units to operate safely, anytime the H₂S concentration reaches the IDLH level (100 ppm).

- Cascade system with enough breathing air hose and manifolds to reach the rig floor, the derrickman and the other operation areas.

Windssocks or Wind Streamers:

- A minimum of two 10" windssocks located at strategic locations so that they may be seen from any point on location.
- Wind streamers (if preferred) should always be placed at various locations on the well site to ensure wind consciousness. (Corners of location).

Hydrogen Sulfide Detector and Alarms:

- 1 - Four channel H₂S monitor with alarms.
- Three (3) sensors located as follows: #1 – Rig Floor, #2 – Shale Shaker, #3 – Cellar.
- Gastec or Draeger pump with tubes.
- Sensor test gas.

Well Condition Sign and Flags:

The Well Condition Sign w/flags should be placed a minimum of 150' before you enter the location. It should have three (3) color coded flags (green, yellow and red) that will be used to denote the following location conditions:

GREEN – Normal Operating Conditions
YELLOW – Potential Danger
RED – Danger, H₂S Gas Present

Auxiliary Rescue Equipment:

- Stretcher
- 2 – 100' Rescue lines.
- First Aid kit properly stocked.

Mud Inspection Equipment:

Garret Gas Train or Hach Tester for inspection of Hydrogen Sulfide in the drilling mud system.

Fire Extinguishers:

Adequate fire extinguishers shall be located at strategic locations.

Blowout Preventer:

- The well shall have hydraulic BOP equipment for the anticipated bottom hole pressure (BHP).
- The BOP should be tested upon installation.
- BOP, Choke Line and Kill Line will be tested as specified by Operator.

Confined Space Monitor:

There should be a portable multi-gas monitor with at least 3 sensors (O₂, LEL H₂S), preferably 4 (O₂, LEL, H₂S, CO). This instrument should be used to test the atmosphere of any confined space before entering. It should also be used for atmospheric testing for LEL gas before beginning any type of Hot Work. Proper calibration documentation will need to be provided.

Communication Equipment:

- Proper communication equipment such as cell phones or 2-way radios should be available at the rig.
- Radio communication shall be available for communication between the company man's trailer, rig floor and the tool pusher's trailer.
- Communication equipment shall be available on the vehicles.

Special Control Equipment:

- Hydraulic BOP equipment with remote control on the ground.
- Rotating head at the surface casing point.

Evacuation Plan:

- Evacuation routes should be established prior to spudding the well.
- Should be discussed with all rig personnel.

Designated Areas:***Parking and Visitor area:***

- All vehicles are to be parked at a pre-determined safe distance from the wellhead.
- Designated smoking area.

Safe Briefing Areas:

- Two Safe Briefing Areas shall be designated on either side of the location at the maximum allowable distance from the well bore so they offset prevailing winds, or they are at a 180-degree angle if wind directions tend to shift in the area.
- Personal protective equipment should be stored at both briefing areas and if a moveable cascade trailer is used, it should be kept upwind of existing winds. When wind is from the prevailing direction, both briefing areas should be accessible.

Note:

- Additional equipment will be available at the H₂S Provider Safety office.
- Additional personal H₂S monitors are available for all employees on location.
- Automatic Flare Igniters are recommended for installation on the rig.

X. CHECKLISTS**Rig-up & Equipment Status Check List**

Note: Initial & Date each item as they are implemented. Multiple wells require additional Columns to be Dated/ Initialed

	Date & Initial 1 st Well	Date & Initial 2 nd Well	Date & Initial 3 rd Well	Date & Initial 4 th Well
Sign at location entrance.				
Two (2) windsocks (in required locations).				
Wind Streamers (if required).				
SCBA's on location (Minimum of 2 @ each Muster Area)				
Air packs (working packs and escape packs), inspected and ready for use.				
Spare bottles for each air pack (if required).				
Cascade system and hose line hook up.				
Choke manifold hooked-up and tested. (before drilling out surface casing.)				
Remote Hydraulic BOP control tested (before drilling out surface casing).				
BOP tested (before drilling out surface casing).				
Safe Briefing Areas set-up				
Well Condition sign and flags on location and ready.				
Hydrogen Sulfide detection/ alarm system hooked-up & tested.				
Stretcher on location				
2 – 100' Lifelines on location.				
1 – 20# Fire Extinguisher in safety trailer.				
Confined Space monitor on location and tested.				
All rig crews and supervisor trained (as required).				
All rig crews and supervision medically qualified and fit tested on proper respirators				
Access restricted for unauthorized personnel.				
Pre-spud meeting held reviewing Contingencies				
Drills on H ₂ S and well control procedures.				
All outside service contractors advised of potential H ₂ S on the well.				
25mm Flare Gun on location w/flares.				

Procedural Check List

Perform the following on each tour:

1. Check fire extinguishers to see that they have the proper charge.
2. Check breathing equipment to ensure that they have not been tampered with.
3. Check pressure on the supply air bottles to make sure they are capable of recharging.
4. Make sure all the Hydrogen Sulfide detection systems are operative.
5. Ensure that all BOP/ Surface Annular/ Diverter systems are functioning and operational.

Perform the following each week:

1. Check each piece of breathing equipment to make sure that they are fully charged and operational. This requires that the air cylinder be opened, and the mask assembly be put on and tested to make sure that the regulators and masks are properly working. Negative and Positive pressure should be conducted on all masks.
2. BOP skills.
3. Check supply pressure on BOP accumulator stand-by source.
4. Check all breathing air mask assemblies to see that straps are loosened and turned back, ready for use.
5. Check pressure on cascade air cylinders to make sure they are fully charged and ready to use for refill purposes if necessary.
6. Check all cascade system regulators to make sure they work properly.
7. Perform breathing drills with on-site personnel.
8. Check the following supplies for availability (may be with H₂S Techs On-call):
 - Stretcher
 - Safety Belts and Ropes
 - Spare air Bottles
 - Spare Oxygen Bottles (if resuscitator required)
 - Gas Detector Pump and Tubes
 - Emergency telephone lists
 - Test the Confined Space Monitor to verify the batteries are good.

XI. BRIEFING PROCEDURES

The following scheduled briefings will be held to ensure the effective drilling and operation of this project:

Pre-Spud Meeting

Date: Prior to spudding the well.

Attendance: Drilling Supervisor
 Drilling Engineer
 Drilling Consultant
 Rig Tool Pushers
 Rig Drillers
 Mud Engineer
 All Safety Personnel
 Key Service Company Personnel

Purpose: Review and discuss the well program, step-by-step, to insure complete understanding of assignments and responsibilities.

XII. EVACUATION PLAN

General Plan

The direct lines of action prepared by Colgate Energy to protect the public from hazardous gas situations are as follows:

1. When the company approved supervisor (Drilling Consultant, Tool Pusher or Driller) determine that Hydrogen Sulfide gas cannot be limited to the well location, and the public will be involved, he will activate the evacuation plan. Escape routes are noted on the area map.
2. Company safety personnel or designee will notify the appropriate local government agency that a hazardous condition exists, and evacuation needs to be implemented.
3. Company approved safety personnel that have been trained in the use of the proper emergency equipment will be utilized.
4. Law enforcement personnel (State Police, Local Police Department, Fire Department, and the Sheriff's Department) will be called to aid in setting up and maintaining roadblocks. Also, they will aid in evacuation of the public if necessary.

NOTE: Law enforcement personnel will not be asked to come into a contaminated area. Their assistance will be limited to uncontaminated areas. Constant radio contact will be maintained with them.

5. After the discharge of gas has been controlled, "Company" personnel will determine when the area is safe for re-entry.
6. If a major release is secured, all exposed housing, vehicles, rig buildings, and low-lying areas and other structures downwind must be tested and clear with SCBAs donned to ensure that all residual H₂S is cleared. Fans, or opening of doors is recommended to ensure that areas are cleared out as part of this process.

XIII. APPENDICES AND GENERAL INFORMATION

Radius of Exposure Affected Notification List

(within a 65' radius of exposure @100ppm)

The geologic zones that will be encountered during drilling are known to contain hazardous quantities of H₂S. The accompanying map illustrates the affected areas of the community. The residents within this radius will be notified via a hand delivered written notice describing the activities, potential hazards, conditions of evacuation, evacuation drill siren alarms and other precautionary measures.

Evacuee Description: Residents:

Notification Process:

A continuous siren audible to all residence will be activated, signaling evacuation of previously notified and informed residents.

Evacuation Plan:

All evacuees will migrate lateral to the wind direction.

The Operating Company will identify all home bound or highly susceptible individuals and make special evacuation preparations, interfacing with the local and emergency medical service as necessary.

Toxic Effects of H₂S Poisoning

Hydrogen Sulfide is extremely toxic. The acceptable ceiling concentration for eight-hour exposure is 10 PPM, which is .001% by volume. Hydrogen Sulfide is heavier than air (specific gravity – 1.192) and is colorless and transparent. Hydrogen Sulfide is almost as toxic as Hydrogen Cyanide and is 5-6 times more toxic than Carbon Monoxide. Occupational exposure limits for Hydrogen Sulfide and other gases are compared below in Table 1. Toxicity table for H₂S and physical effects are shown in Table 2.

Table 1
Permissible Exposure Limits of Various Gases

<u>Common Name</u>	<u>Symbol</u>	<u>Sp. Gravity</u>	<u>TLV</u>	<u>STEL</u>	<u>IDLH</u>
Hydrogen Cyanide	HCN	.94	4.7 ppm	4.7 ppm	50 ppm
Hydrogen Sulfide	H ₂ S	1.192	10 ppm	15 ppm	100 ppm
Sulfide Dioxide	SO ₂	2.21	2 ppm	5 ppm	100 ppm
Chlorine	CL	2.45	.5 ppm	1 ppm	10 ppm
Carbon Monoxide	CO	.97	25 ppm	200 ppm	1200 ppm
Carbon Dioxide	CO ₂	1.52	5000 ppm	30,000 ppm	40,000 ppm
Methane	CH ₄	.55	5% LEL	15% UEL	

Definitions

- A. TLV – Threshold Limit Value is the concentration employees may be exposed based on a TWA (time weighted average) for eight (8) hours in one day for 40 hours in one (1) week. This is set by ACGIH (American Conference of Governmental Hygienists) and regulated by OSHA.
- B. STEL – Short Term Exposure Limit is the 15-minute average concentration an employee may be exposed to providing that the highest exposure never exceeds the OEL (Occupational Exposure Limit). The OEL for H₂S is 20 PPM.
- C. IDLH – Immediately Dangerous to Life and Health is the concentration that has been determined by the ACGIH to cause serious health problems or death if exposed to this level. The IDLH for H₂S is 100 PPM.
- D. TWA – Time Weighted Average is the average concentration of any chemical or gas for an eight (8) hour period. This is the concentration that any employee may be exposed based on a TWA.

Toxicity Table of H₂S

<u>Percent %</u>	<u>PPM</u>	<u>Physical Effects</u>
.0001	1	Can smell less than 1 ppm.
.001	10	TLV for 8 hours of exposure.
.0015	15	STEL for 15 minutes of exposure.
.01	100	Immediately Dangerous to Life & Health. Kills sense of smell in 3 to 5 minutes.
.02	200	Kills sense of smell quickly, may burn eyes and throat.
.05	500	Dizziness, cessation of breathing begins in a few minutes .
.07	700	Unconscious quickly, death will result if not rescued promptly.
.10	1000	Death will result unless rescued promptly. Artificial resuscitation may be necessary.

PHYSICAL PROPERTIES OF H₂S

The properties of all gases are usually described in the context of seven major categories:

- COLOR
- ODOR
- VAPOR DENSITY
- EXPLOSIVE LIMITS
- FLAMMABILITY
- SOLUBILITY (IN WATER)
- BOILING POINT

Hydrogen Sulfide is no exception. Information from these categories should be considered in order to provide a complete picture of the properties of the gas.

COLOR – TRANSPARENT

Hydrogen Sulfide is colorless, so it is invisible. This fact simply means that you can't rely on your eyes to detect its presence. In fact, that makes this gas extremely dangerous to be around.

ODOR – ROTTEN EGGS

Hydrogen Sulfide has a distinctive offensive smell, like "rotten eggs". For this reason, it earned its common name "sour gas". However, H₂S, even in low concentrations, is so toxic that it attacks and quickly impairs a victim's sense of smell, so it could be fatal to rely on your nose as a detection device.

VAPOR DENSITY – SPECIFIC GRAVITY OF 1.192

Hydrogen Sulfide is heavier than air, so it tends to settle in low-lying areas like pits, cellars or tanks. If you find yourself in a location where H₂S is known to exist, protect yourself. Whenever possible, work in an area upwind and keep to higher ground.

EXPLOSIVE LIMITS – 4.0% TO 44%

Mixed with the right proportion of air or oxygen, H₂S will ignite and burn or explode, producing another alarming element of danger besides poisoning.

FLAMMABILITY

Hydrogen Sulfide will burn readily with a distinctive clear blue flame, producing Sulfur Dioxide (SO₂), another hazardous gas that irritates the eyes and lungs.

SOLUBILITY – 4 TO 1 RATIO WITH WATER

Hydrogen Sulfide can be dissolved in liquids, which means that it can be present in any container or vessel used to carry or hold well fluids including oil, water, emulsion and sludge. The solubility of H₂S is dependent on temperature and pressure, but if conditions are right, simply agitating a fluid containing H₂S may release the gas into the air.

BOILING POINT – (-77° Fahrenheit)

Liquefied Hydrogen Sulfide boils at a very low temperature, so it is usually found as a gas.

RESPIRATOR USE

The Occupational Safety and Health Administration (OSHA) regulate the use of respiratory protection to protect the health of employees. OSHA's requirements are written in the Code of Federal Regulations, Title 29, Part 1910, Section 134, Respiratory Protection. This regulation requires that all employees who might be required to wear respirators, shall complete an OSHA mandated medical evaluation questionnaire. The employee then should be fit tested prior to wearing any respirator while being exposed to hazardous gases.

Written procedures shall be prepared covering safe use of respirators in dangerous atmospheric situations, which might be encountered in normal operations or in emergencies. Personnel shall be familiar with these procedures and the available respirators.

Respirators shall be inspected prior to and after each use to make sure that the respirator has been properly cleaned, disinfected and that the respirator works properly. The unit should be fully charged prior to being used.

Anyone who may use respirators shall be properly trained in how to properly seal the face piece. They shall wear respirators in normal air and then in a test atmosphere. (Note: Such items as facial hair (beard or sideburns) and eyeglass temple pieces will not allow a proper seal.) Anyone who may be expected to wear respirators should have these items removed before entering a toxic atmosphere. A special mask must be obtained for anyone who must wear eyeglasses. Contact lenses should not be allowed.

Respirators shall be worn during the following conditions:

- A. Any employee who works near the top or on the top of any tank unless tests reveal less than 20 ppm of H₂S.
- B. When breaking out any line where H₂S can reasonably be expected.
- C. When sampling air in areas where H₂S may be present.
- D. When working in areas where the concentration of H₂S exceeds the Threshold Limit Value for H₂S (10 ppm).
- E. At any time where there is a doubt as to the H₂S level in the area to be entered.

EMERGENCY RESCUE PROCEDURES

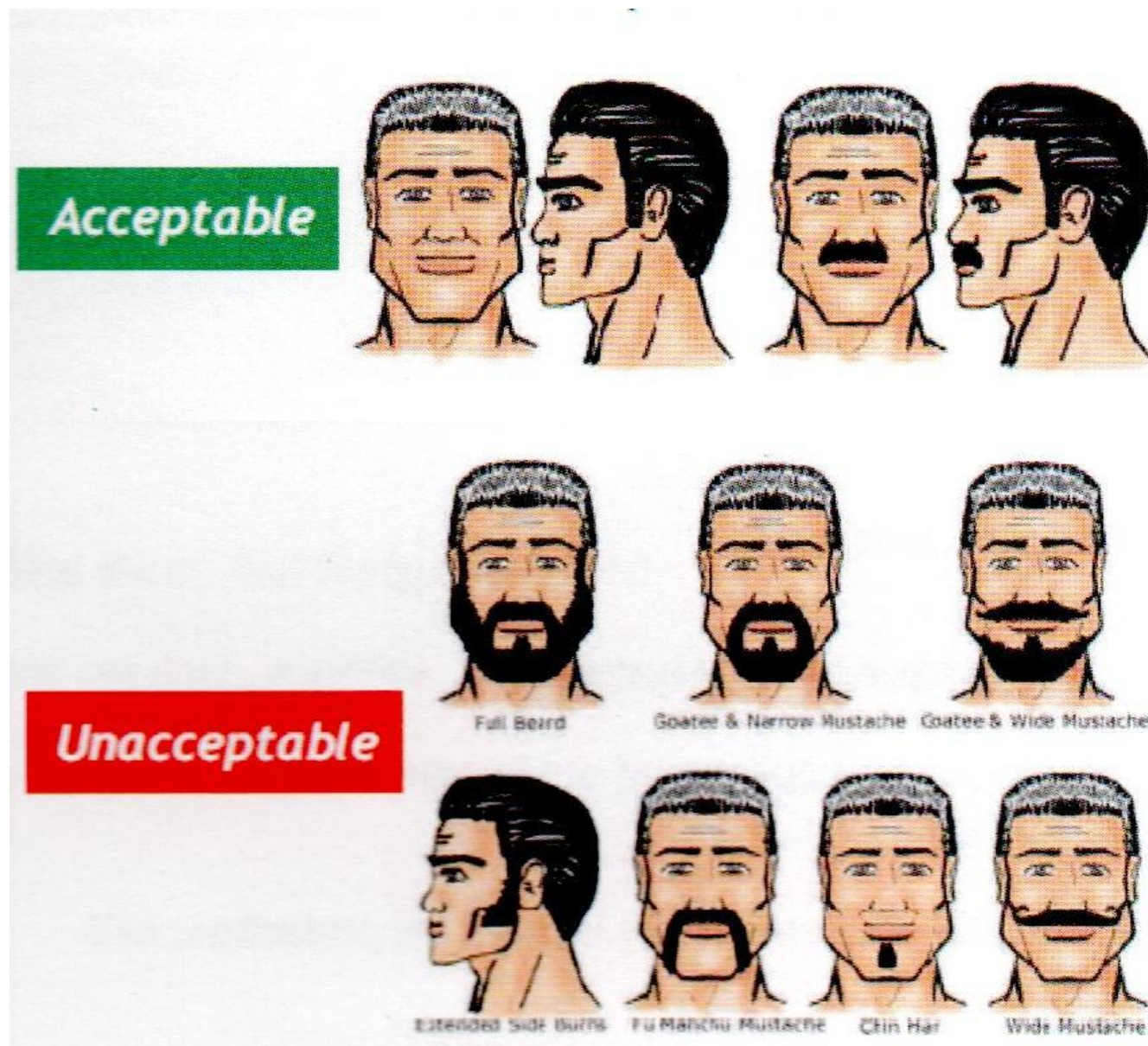
DO NOT PANIC!!!

Remain Calm – Think

1. Before attempting any rescue, you must first get out of the hazardous area yourself. Go to a safe briefing area.
2. Sound alarm and activate the 911 system.
3. Put on breathing apparatus. At least two persons should do this, when available use the buddy system.
4. Rescue the victim and return them to a safe briefing area.
5. Perform an initial assessment and begin proper First Aid/CPR procedures.
6. Keep victim lying down with a blanket or coat, etc., under the shoulders to keep airway open. Conserve body heat and do not leave unattended.
7. If the eyes are affected by H₂S, wash them thoroughly with potable water. For slight irritation, cold compresses are helpful.
8. In case a person has only minor exposure and does not lose consciousness totally, it's best if he doesn't return to work until the following day.
9. Any personnel overcome by H₂S should always be examined by medical personnel. They should always be transported to a hospital or doctor.

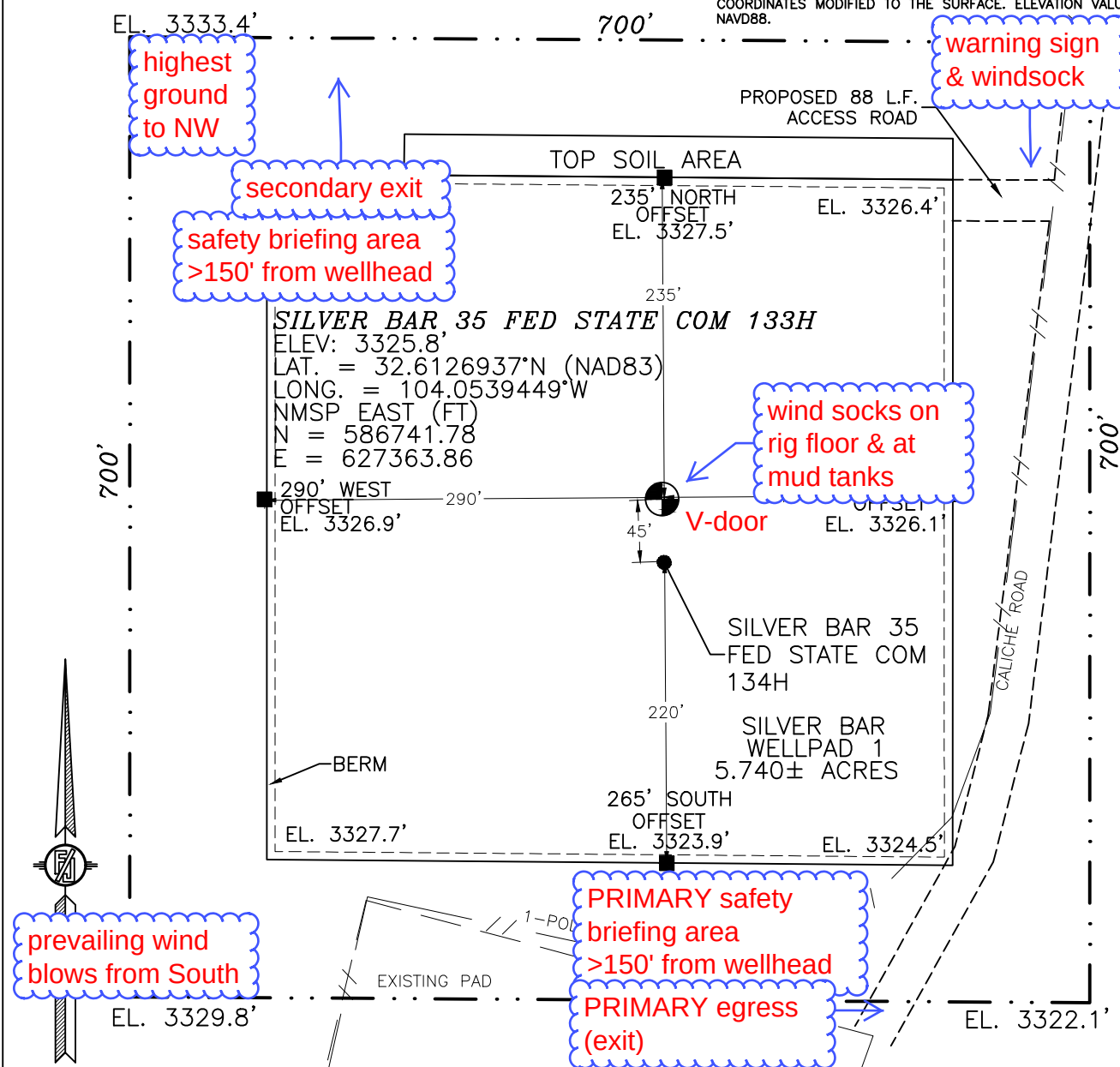
Facial Hair – Clean Shaven Examples

Purpose: To define clean shaven expectations in the field for: 1) Respirator Use, if applicable and 2) First Aid Administration, if situation occurs related to H₂S exposure, having no facial hair can greatly benefit response time and treatment ability.



SECTION 35, TOWNSHIP 19 SOUTH, RANGE 29 EAST, N.M.P.M.
EDDY COUNTY, STATE OF NEW MEXICO
SITE MAP

NOTE: LATITUDE AND LONGITUDE COORDINATES ARE SHOWN USING THE NORTH AMERICAN DATUM OF 1983 (NAD83). LISTED NEW MEXICO STATE PLANE EAST COORDINATES ARE GRID (NAD83). BASIS OF BEARING AND DISTANCES USED ARE NEW MEXICO STATE PLANE EAST COORDINATES MODIFIED TO THE SURFACE. ELEVATION VALUES ARE NAVD88.



020 60 100 240
SCALE 1" = 120'

DIRECTIONS TO LOCATION

FROM CR. 235 (CURRY COMB) & CR. 210 (OLD LOCO) GO SOUTHEAST ON CR. 235 3.4 MILES, TURN RIGHT AND GO SOUTH 0.59 MILES, BEND RIGHT AND GO WEST 0.1 MILES, TURN LEFT AND GO SOUTH 0.8 MILES, TURN RIGHT AND GO WEST 1.25 MILES, TURN LEFT AND GO SOUTH 672 FT. TO ROAD SURVEY AND FOLLOW FLAGS WEST 88 FT. TO THE NORTHEAST PAD CORNER FOR THIS LOCATION.

I, FILIMON F. JARAMILA, A NEW MEXICO REGISTERED PROFESSIONAL SURVEYOR, CERTIFY THAT I HAVE PREPARED AND AM RESPONSIBLE FOR THIS SURVEY, THAT THE INSTRUMENTS, METHODS AND PROCEDURES USED IN THIS SURVEY, AND THE DATA OBTAINED THEREFROM, MEET THE MINIMUM STANDARDS FOR SURVEYING IN NEW MEXICO.

FILIMON F. JARAMILA 12797

MADRON SURVEYING, INC.

301 SOUTH CANAL
(575) 234-3341

CARLSBAD, NEW MEXICO

COLGATE ENERGY, LLC
SILVER BAR 35 FED STATE COM 133H
LOCATED 1015 FT. FROM THE SOUTH LINE
AND 65 FT. THE WEST LINE OF
SECTION 35, TOWNSHIP 19 SOUTH,
RANGE 29 EAST, N.M.P.M.
EDDY COUNTY, STATE OF NEW MEXICO

FEBRUARY 25, 2020

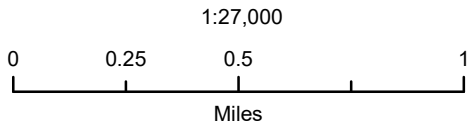
SURVEY NO. 7735A

Colgate Energy, LLC

Silver Bar 35 Fed State Com
133H & 134H
H2S Contingency Plan:
Radius Map

Section 35, Township 19S, Range 29E
Eddy County, New Mexico

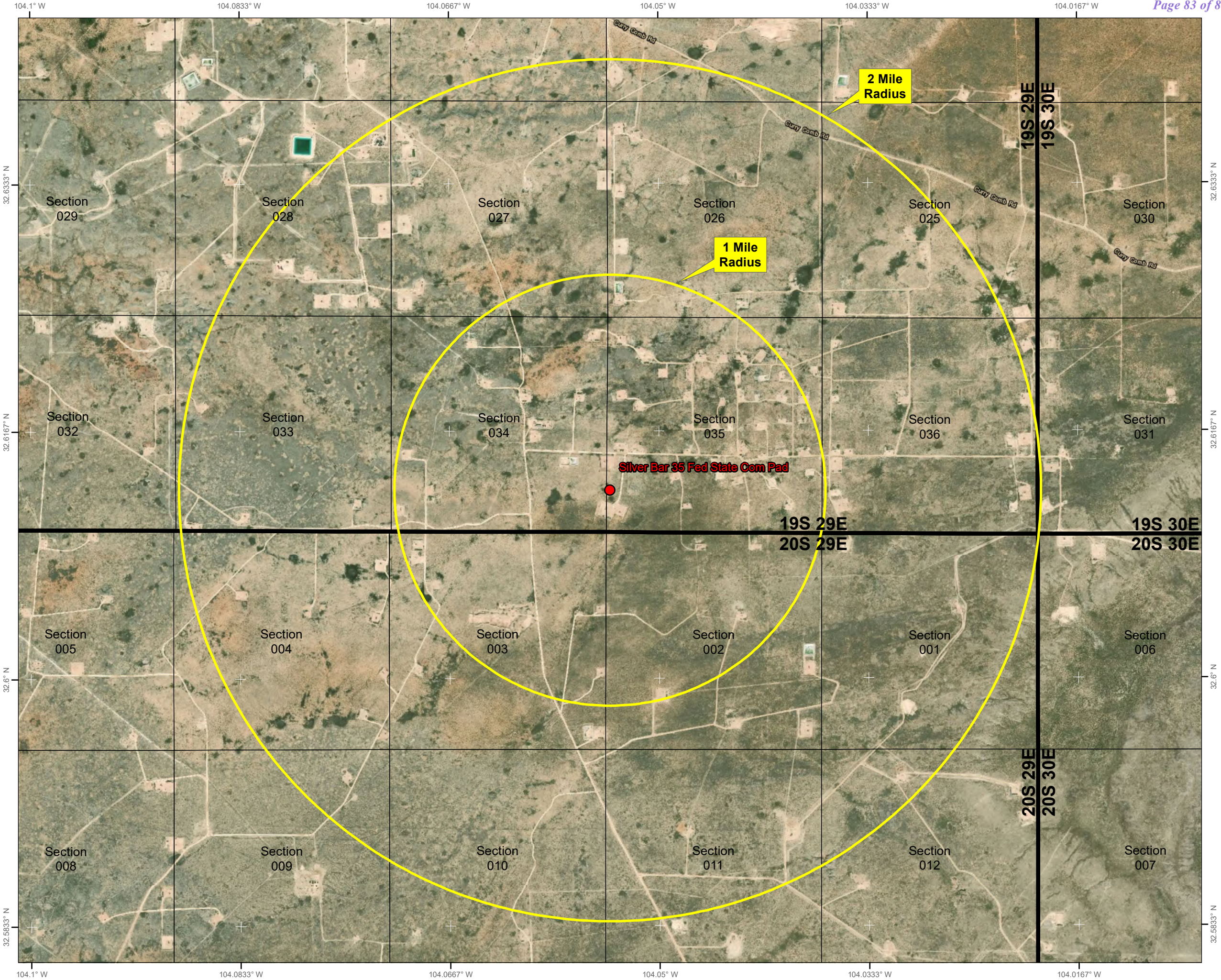
● Pad Center



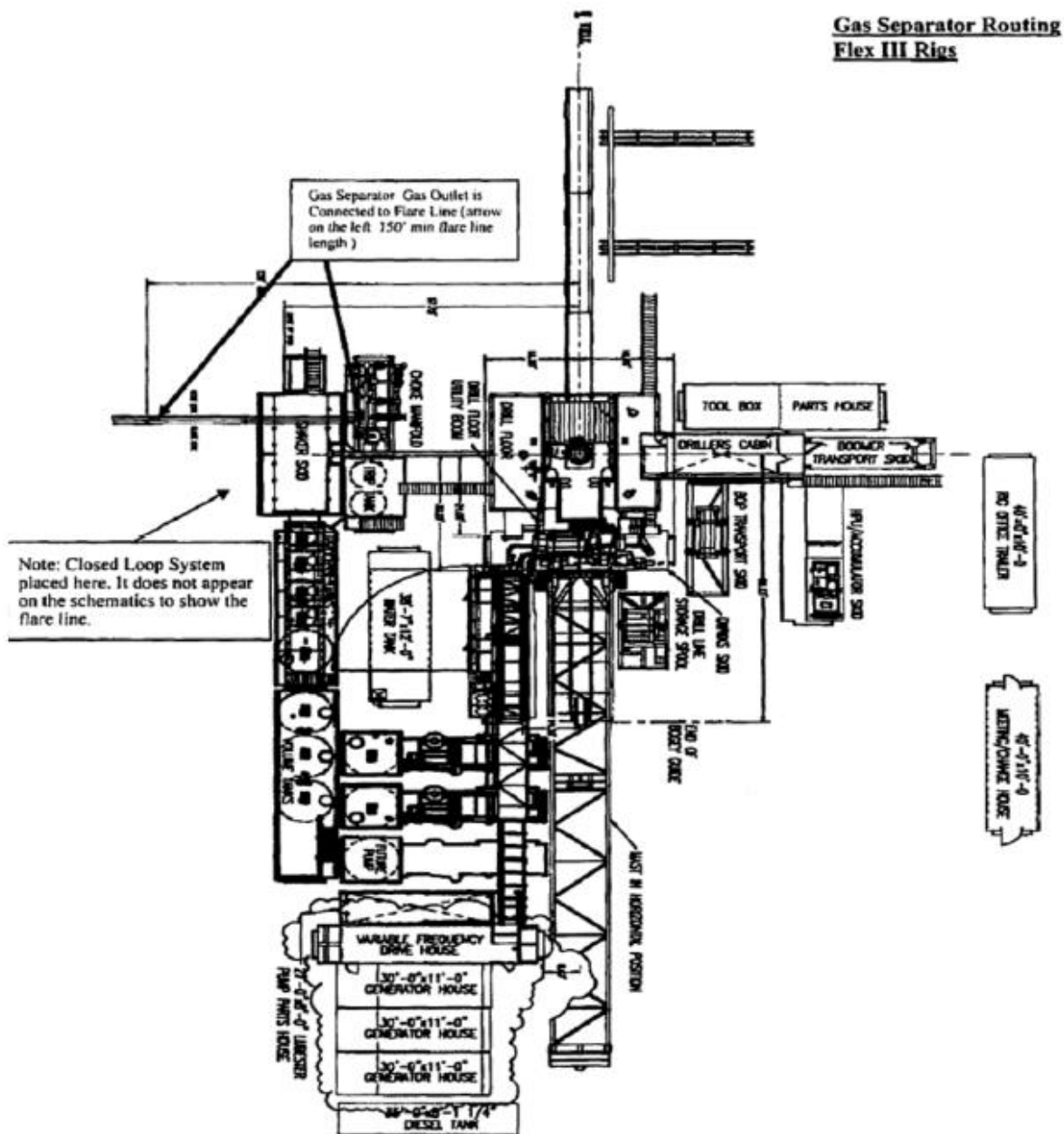
NAD 1983 New Mexico State Plane East
FIPS 3001 Feet



Prepared by Permits West, Inc., March 10, 2020
for Colgate Energy, LLC



Closed Loop System Layout:



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

COMMENTS

Action 15298

COMMENTS

Operator:	OGRID:	Action Number:	Action Type:
COLGATE OPERATING, LLC Suite 1000 Midland, TX79701	371449	15298	FORM 3160-3
300 North Marienfeld Street			

Created By	Comment	Comment Date
kpickford	KP GEO Review 1/22/2020	01/22/2021

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

CONDITIONS

Action 15298

CONDITIONS OF APPROVAL

Operator:		OGRID:	Action Number:	Action Type:
COLGATE OPERATING, LLC	300 North Marienfeld Street	371449	15298	FORM 3160-3
Suite 1000	Midland, TX79701			

OCD Reviewer	Condition
kpickford	Notify OCD 24 hours prior to casing & cement
kpickford	Will require a File As Drilled C-102 and a Directional Survey with the C-104
kpickford	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
kpickford	Oil base muds are not to be used until fresh water zones are cased and cemented providing isolation from the oil or diesel. This includes synthetic oils. Oil based mud, drilling fluids and solids must be contained in a steel closed loop system