

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: <input type="checkbox"/> DRILL <input type="checkbox"/> REENTER<br>1b. Type of Well: <input type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other<br>1c. Type of Completion: <input type="checkbox"/> Hydraulic Fracturing <input type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone |                                       | 5. Lease Serial No.<br><br>6. If Indian, Allottee or Tribe Name<br><br>7. If Unit or CA Agreement, Name and No.<br><br>8. Lease Name and Well No. |
| 2. Name of Operator                                                                                                                                                                                                                                                                                                                                            |                                       | 9. API Well No.<br><b>30 015 48108</b>                                                                                                            |
| 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. *)<br>At surface<br>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.<br>2. A Drilling Plan.<br>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).<br>5. Operator certification.<br>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

1. SHL: NESE / 1560 FSL / 795 FEL / TWSP: 17S / RANGE: 30E / SECTION: 4 / LAT: 32.8605756 / LONG: -103.9709476 ( TVD: 0 feet, MD: 0 feet )  
PPP: NWSW / 1530 FSL / 100 FWL / TWSP: 17S / RANGE: 30E / SECTION: 3 / LAT: 32.8604877 / LONG: -103.9680336 ( TVD: 4635 feet, MD: 5125 feet )  
PPP: NWSW / 1532 FSL / 1 FWL / TWSP: 17S / RANGE: 30E / SECTION: 3 / LAT: 32.860498 / LONG: -103.968444 ( TVD: 4609 feet, MD: 4960 feet )  
PPP: NWSE / 1533 FSL / 2641 FEL / TWSP: 17S / RANGE: 30E / SECTION: 3 / LAT: 32.860484 / LONG: -103.959851 ( TVD: 4665 feet, MD: 7606 feet )  
BHL: NESE / 1530 FSL / 20 FWL / TWSP: 17S / RANGE: 30E / SECTION: 3 / LAT: 32.8609681 / LONG: -103.968294 ( TVD: 4691 feet, MD: 10363 feet )

## BLM Point of Contact

Name: TYLER HILL

Title: LIE

Phone: 5752345972

Email: tjhill@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

|                                                |                                                                |                                        |                                                            |
|------------------------------------------------|----------------------------------------------------------------|----------------------------------------|------------------------------------------------------------|
| <sup>1</sup> API Number<br><b>30-015 48108</b> |                                                                | <sup>2</sup> Pool Code<br><b>96718</b> | <sup>3</sup> Pool Name<br><b>Loco Hills; Glorieta-Yeso</b> |
| <sup>4</sup> Property Code<br><b>325889</b>    | <sup>5</sup> Property Name<br><b>POSEIDON 3 FED</b>            |                                        | <sup>6</sup> Well Number<br><b>23H</b>                     |
| <sup>7</sup> OGRID NO.<br><b>328947</b>        | <sup>8</sup> Operator Name<br><b>SPUR ENERGY PARTNERS LLC.</b> |                                        | <sup>9</sup> Elevation<br><b>3713'</b>                     |

<sup>10</sup> Surface Location

| UL or lot no. | Section  | Township   | Range      | Lot Idn | Feet from the | North/South line | Feet From the | East/West line | County      |
|---------------|----------|------------|------------|---------|---------------|------------------|---------------|----------------|-------------|
| <b>I</b>      | <b>4</b> | <b>17S</b> | <b>30E</b> |         | <b>1560</b>   | <b>SOUTH</b>     | <b>795</b>    | <b>EAST</b>    | <b>EDDY</b> |

<sup>11</sup> Bottom Hole Location If Different From Surface

| UL or lot no. | Section  | Township   | Range      | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County      |
|---------------|----------|------------|------------|---------|---------------|------------------|---------------|----------------|-------------|
| <b>I</b>      | <b>3</b> | <b>17S</b> | <b>30E</b> |         | <b>1530</b>   | <b>SOUTH</b>     | <b>50</b>     | <b>EAST</b>    | <b>EDDY</b> |

| <sup>12</sup> Dedicated Acres | <sup>13</sup> Joint or Infill | <sup>14</sup> Consolidation Code | <sup>15</sup> Order No. |
|-------------------------------|-------------------------------|----------------------------------|-------------------------|
| <b>320</b>                    |                               |                                  |                         |

No allowable will be assigned to this completion until all interest have been consolidated or a non-standard unit has been approved by the division.

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><sup>16</sup> <b>GEODETIC DATA</b><br/>NAD 83 GRID - NM EAST</p> <p><b>SURFACE LOCATION (SL)</b><br/>N: 677001.7 - E: 652611.2<br/>LAT: 32.8605756° N<br/>LONG: 103.9709476° W</p> <p><b>FIRST TAKE POINT (FTP)</b><br/>1530' FSL &amp; 100' FWL - SEC 3<br/>N: 676972.9 - E: 653506.1<br/>LAT: 32.8604877° N<br/>LONG: 103.9680336° W</p> <p><b>LAST TAKE POINT (LTP)</b><br/>1530' FSL &amp; 100' FWL - SEC 3<br/>N: 676984.0 - E: 658584.6<br/>LAT: 32.8604689° N<br/>LONG: 103.9514945° W</p> <p><b>BOTTOM HOLE (BH)</b><br/>N: 676984.1 - E: 658634.6<br/>LAT: 32.8604687° N<br/>LONG: 103.9513318° W</p> <p><b>CORNER DATA</b><br/>NAD 83 GRID - NM EAST</p> <p>A: FOUND BRASS CAP "1916"<br/>N: 675436.4 - E: 648128.9</p> <p>B: FOUND BRASS CAP "1916"<br/>N: 678076.6 - E: 648121.2</p> <p>C: FOUND BRASS CAP "1916"<br/>N: 680696.5 - E: 648110.9</p> <p>D: FOUND BRASS CAP "1916"<br/>N: 680704.7 - E: 650751.6</p> <p>E: FOUND BRASS CAP "1916"<br/>N: 680713.3 - E: 653392.4</p> <p>F: FOUND BRASS CAP "1916"<br/>N: 680722.0 - E: 656032.0</p> <p>G: FOUND BRASS CAP "1916"<br/>N: 680729.8 - E: 658673.7</p> <p>H: FOUND BRASS CAP "1916"<br/>N: 678091.2 - E: 658681.2</p> <p>I: FOUND BRASS CAP "1916"<br/>N: 675454.6 - E: 658689.2</p> <p>J: FOUND BRASS CAP "1916"<br/>N: 675443.0 - E: 653411.2</p> <p>K: FOUND BRASS CAP "1916"<br/>N: 675440.1 - E: 650770.1</p> <p>L: FOUND BRASS CAP "1916"<br/>N: 678082.1 - E: 653402.4</p> | <p><b><sup>17</sup> OPERATOR CERTIFICATION</b><br/>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location 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.</p> <p><i>Sarah Chapman</i> 09/10/2020<br/>Signature Date</p> <p>Sarah Chapman<br/>Printed Name</p> <p><a href="mailto:schapman@spurepllc.com">schapman@spurepllc.com</a><br/>E-mail Address</p> <p><b><sup>18</sup> SURVEYOR CERTIFICATION</b><br/>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.</p> <p>09-03-2020<br/>Date of Survey</p> <p>Signature and Seal of Professional Surveyor</p> <p><b>19680</b><br/>Certificate Number</p> <p><b>LS20090411</b></p> |
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District I  
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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: 09/24/2020

☒ Original Operator & OGRID No.: SPUR ENERGY PARTNERS LLC (328947)  
☐ 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: Form C-129 must be submitted and approved prior to exceeding 60 days allowed by Rule (Subsection A of 19.15.18.12 NMAC).*

### 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 Name              | API            | Well Location (ULSTR) | Footages           | Expected MCF/D | Flared or Vented | Comments                               |
|------------------------|----------------|-----------------------|--------------------|----------------|------------------|----------------------------------------|
| POSEIDON 3 FEDERAL 20H | 30-015-Pending | I-4-17S-30E           | 1560' FSL 755' FEL | 600 mcf/day    | Flared           | Will flare until gathering line tie-in |
| POSEIDON 3 FEDERAL 23H | 30-015-Pending | I-4-17S-30E           | 1560' FSL 795' FEL | 600 mcf/day    | Flared           | Will flare until gathering line tie-in |
| POSEIDON 3 FEDERAL 27H | 30-015-Pending | I-4-17S-30E           | 1560' FSL 775' FEL | 600 mcf/day    | Flared           | Will flare until gathering line tie-in |

### Gathering System and Pipeline Notification

Well(s) will be connected to a production facility after flowback operations are complete, if gas transporter system is in place. The gas produced from production facility is dedicated DCP Operating Company, LP and will be connected to DCP's low/high pressure gathering system located in Eddy County, New Mexico. It will require 4,200' of pipeline to connect the facility to low/high pressure gathering system. Spur Energy Partners LLC provides (periodically) to DCP a drilling, completion and estimated first production date for wells that are scheduled to be drilled in the foreseeable future. In addition, Spur Energy Partners LLC and DCP have periodic conference calls to discuss changes to drilling and completion schedules. Gas from these wells will be processed at DCP's Processing Plant located in Sec. 4, Twn. 17S, Rng. 30E, 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 DCP's system at that time. Based on current information, it is Spur Energy Partners LLC's belief the system can take this gas upon completion of the well(s).

Safety requirements during cleanout operations from the use of 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

## Spur Energy Partners LLC – Poseidon 3 Federal 23H

### 1. Geologic Formations

| Formation       | TVD - RKB | Expected Fluids |
|-----------------|-----------|-----------------|
| Quaternary      | Surface   | Fresh Water     |
| Rustler         | 315'      | N/A             |
| <b>Top Salt</b> | 500'      | N/A             |
| Base Salt       | 1000'     | N/A             |
| <b>Tansill</b>  | 1220'     | N/A             |
| Yates           | 1350'     | N/A             |
| Seven Rivers    | 1615'     | N/A             |
| Queen           | 2220'     | N/A             |
| San Andres      | 3,000     | Oil/Gas         |
| Glorieta Top    | 4,425     | Oil/Gas         |
| <b>Yeso</b>     | 4500'     | Oil/Gas         |
| Abo             | 6500'     | Oil/Gas         |

\*H<sub>2</sub>S, water flows, loss of circulation, abnormal pressures, etc.

### 2. Casing Program

#### *Primary Plan:*

All casing strings will be tested in accordance with Onshore Oil and Gas Order #2 III.B.1.h

| Hole Size (in)                | Casing Interval |         | Csg. Size (in) | Weight (lbs) | Grade | Conn. | SF       | SF Burst | Body SF | Joint SF |
|-------------------------------|-----------------|---------|----------------|--------------|-------|-------|----------|----------|---------|----------|
|                               | From (ft)       | To (ft) |                |              |       |       | Collapse |          | Tension | Tension  |
| 17.5                          | 0               | 450     | 13.375         | 54.5         | J-55  | BTC   | 1.125    | 1.2      | 1.4     | 1.4      |
| 12.25                         | 0               | 1300    | 9.625          | 36           | J-55  | BTC   | 1.125    | 1.2      | 1.4     | 1.4      |
| 8.75                          | 0               | 4900    | 7              | 32           | L-80  | BTC   | 1.125    | 1.2      | 1.4     | 1.4      |
| 8.75                          | 0               | 10218   | 5.5            | 20           | L-80  | BK-HT | 1.125    | 1.2      | 1.4     | 1.4      |
| SF Values will meet or Exceed |                 |         |                |              |       |       |          |          |         |          |

**Spur Energy Partners LLC – Poseidon 3 Federal 23H**

|                                                                                                                                                  | Y or N |
|--------------------------------------------------------------------------------------------------------------------------------------------------|--------|
| Is casing new? If used, attach certification as required in Onshore Order #1                                                                     | Y      |
| Does casing meet API specifications? If no, attach casing specification sheet.                                                                   | Y      |
| Is premium or uncommon casing planned? If yes attach casing specification sheet.                                                                 | N      |
| Does the above casing design meet or exceed BLM's minimum standards? If not provide justification (loading assumptions, casing design criteria). | Y      |
| Will the intermediate pipe be kept at a minimum 1/3 fluid filled to avoid approaching the collapse pressure rating of the casing?                | Y      |
| Is well located within Capitan Reef?                                                                                                             | N      |
| If yes, does production casing cement tie back a minimum of 50' above the Reef?                                                                  |        |
| Is well within the designated 4 string boundary.                                                                                                 |        |
| Is well located in SOPA but not in R-111-P?                                                                                                      | N      |
| If yes, are the first 2 strings cemented to surface and 3 <sup>rd</sup> string cement tied back 500' into previous casing?                       |        |
| Is well located in R-111-P and SOPA?                                                                                                             | N      |
| If yes, are the first three strings cemented to surface?                                                                                         |        |
| Is 2 <sup>nd</sup> string set 100' to 600' below the base of salt?                                                                               |        |
| Is well located in high Cave/Karst?                                                                                                              | N      |
| If yes, are there two strings cemented to surface?                                                                                               |        |
| (For 2 string wells) If yes, is there a contingency casing if lost circulation occurs?                                                           |        |
| Is well located in critical Cave/Karst?                                                                                                          | N      |
| If yes, are there three strings cemented to surface?                                                                                             |        |



## Spur Energy Partners LLC – Poseidon 3 Federal 23H

### 3. Cementing Program

#### Primary Plan:

| Casing String       | Top (ft) | Bottom (ft) | % Excess |
|---------------------|----------|-------------|----------|
| Surface Tail        | 0        | 450         | 165%     |
| Intermediate (Lead) | 0        | 450         | 100%     |
| Intermediate (Tail) | 450      | 1300        | 165%     |
| Production (Lead)   | 0        | 3900        | 0%       |
| Production (Tail)   | 3900     | 10218       | 50%      |

| Casing String       | # Sks | Wt.<br>(lb/gal) | Yld<br>(ft <sup>3</sup> /sack) | H2O<br>(gal/sk) | 500#<br>Comp.<br>Strength<br>(hours) | Slurry Description         |
|---------------------|-------|-----------------|--------------------------------|-----------------|--------------------------------------|----------------------------|
| Surface Tail        | 346   | 13.2            | 2.32                           | 9.92            | 6:59                                 | Clas C Premium Plus Cement |
| Intermediate (Lead) | 89    | 12.2            | 1.84                           | 13.48           | 8:12                                 | Clas C Premium Plus Cement |
| Intermediate (Tail) | 312   | 13.2            | 2.32                           | 9.92            | 6:59                                 | Clas C Premium Plus Cement |
| Production (Lead)   | 462   | 11.8            | 2.54                           | 15.29           | N/A                                  | Clas C Premium Plus Cement |
| Production (Tail)   | 1243  | 13.2            | 1.81                           | 9.81            | N/A                                  | Clas C Premium Plus Cement |

### 4. Pressure Control Equipment

| BOP installed and tested before drilling which hole? | Size? | Min. Required WP | Type       | ✓ | Tested to:              |
|------------------------------------------------------|-------|------------------|------------|---|-------------------------|
| 17.5" Hole                                           | 11"   | 3M               | Annular    | ✓ | 70% of working pressure |
|                                                      |       | 3M               | Blind Ram  | ✓ | 250 psi / 3000 psi      |
|                                                      |       |                  | Pipe Ram   | ✓ |                         |
|                                                      |       |                  | Double Ram |   |                         |
|                                                      |       |                  | Other*     |   |                         |
| 8.75" Hole                                           | 11"   | 3M               | Annular    | ✓ | 70% of working pressure |
|                                                      |       | 3M               | Blind Ram  | ✓ | 250 psi / 3000 psi      |
|                                                      |       |                  | Pipe Ram   | ✓ |                         |
|                                                      |       |                  | Double Ram |   |                         |
|                                                      |       |                  | Other*     |   |                         |

**\*Spur Energy Partners LLC will be utilizing a 5M BOP Stack\***

| Condition                     | Specify what type and where? |
|-------------------------------|------------------------------|
| BH Pressure at deepest TVD    | 2174 psi                     |
| Abnormal Temperature          | No                           |
| BH Temperature at deepest TVD | 118°F                        |

\*Specify if additional ram is utilized.

BOP/BOPE will be tested by an independent service company to 250 psi low and the high pressure indicated above per Onshore Order 2 requirements. The System may be upgraded to a

## Spur Energy Partners LLC – Poseidon 3 Federal 23H

higher pressure but still tested to the working pressure listed in the table above. If the system is upgraded all the components installed will be functional and tested.

Pipe rams will be operationally checked each 24 hour period. Blind rams will be operationally checked on each trip out of the hole. These checks will be noted on the daily tour sheets. Other accessories to the BOP equipment will include a Kelly cock and floor safety valve (inside BOP) and choke lines and choke manifold. See attached schematics.

|   |                                                                                                                                                                                                                                                                                                               |
|---|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|   | Formation integrity test will be performed per Onshore Order #2.<br>On Exploratory wells or 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. Will be tested in accordance with Onshore Oil and Gas Order #2 III.B.1.i. |
| Y | Are anchors required by manufacturer?                                                                                                                                                                                                                                                                         |
|   | A conventional wellhead system will be employed. The wellhead and connection to the BOPE will meet all API 6A requirements. The BOP will be tested per Onshore Order #2 after installation on the surface casing which will cover testing requirements for a maximum of 30 days.<br>See attached schematics.  |

### 5. BOP Break Testing Request

Spur Energy Partners LLC requests permission to adjust the BOP break testing requirements as per the verbal agreement reached over the phone between SPUR/BLM on September 7, 2020. A separate sundry will be sent prior to spud that reflects the pad-based break testing plan.

BOP break test under the following conditions:

- After a full BOP test is conducted
- When skidding to drill the production section, where the surface casing point is either shallower than the 3<sup>rd</sup> Bone Spring or 10,000 TVD.
- When skidding to drill a production section that does not penetrate the 3<sup>rd</sup> Bone Spring or deeper.

If the kill line is broken prior to skid, four tests will be performed.

- 1) The void between the wellhead and the spool (this consists of two tests)
- 2) The spool between the kill lines and the choke manifold (this consists of two tests)

If the kill line is not broken prior to skid, two tests will be performed.

- 1) The void between the wellhead and the pipe rams

### 6. Mud Program

Sufficient mud materials to maintain mud properties and meet minimum lost circulation and weight increase requirements will be kept on location at all times. The following is a general list

**Spur Energy Partners LLC – Poseidon 3 Federal 23H**

of products: Barite, Bentonite, Gypsum, Lime, Soda Ash, Caustic Soda, Nut Plug, Cedar Fiber, Cotton Seed Hulls, Drilling Paper, Salt Water Clay, CACL2. Spur will use a closed mud system

| Depth     |         | Type            | Weight (ppg) | Viscosity | Water Loss |
|-----------|---------|-----------------|--------------|-----------|------------|
| From (ft) | To (ft) |                 |              |           |            |
| 0         | 450     | Water-Based Mud | 8.6-8.9      | 32-36     | N/C        |
| 450       | 1300    | Brine           | 9.0-10.0     | 32-36     | N/C        |
| 1300      | 10218   | Brine           | 9.0-10.0     | 32-36     | N/C        |

|                                                         |                                |
|---------------------------------------------------------|--------------------------------|
| What will be used to monitor the loss or gain of fluid? | PVT/MD PASON/Visual Monitoring |
|---------------------------------------------------------|--------------------------------|

**7. Logging and Testing Procedures**

| Logging, Coring and Testing. |                                                                                                                                                         |          |
|------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------|----------|
| Yes                          | Will run GR from TD to surface (horizontal well – vertical portion of hole). Stated logs run will be in the Completion Report and submitted to the BLM. |          |
| No                           | Logs are planned based on well control or offset log information.                                                                                       |          |
| No                           | Drill stem test? If yes, explain                                                                                                                        |          |
| No                           | Coring? If yes, explain                                                                                                                                 |          |
| Additional logs planned      |                                                                                                                                                         | Interval |
| No                           | Resistivity                                                                                                                                             |          |
| No                           | Density                                                                                                                                                 |          |
| No                           | CBL                                                                                                                                                     |          |
| Yes                          | Mud log                                                                                                                                                 | ICP - TD |
| No                           | PEX                                                                                                                                                     |          |

**8. Drilling Conditions**

Pump high viscosity sweeps as needed for hole cleaning. The mud system will be monitored visually/manually as well as with an electronic PVT. The necessary mud products for additional weight and fluid loss control will be on location at all times. Appropriately weighted mud will be used to isolate potential gas, oil, and water zones until such time as casing can be cemented into place for zonal isolation.

|                                                                                                                                                                                                                                                                                                                                    |                   |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|
| Hydrogen Sulfide (H2S) monitors will be installed prior to drilling out the surface shoe. If H2S is detected in concentrations greater than 100 ppm, the operator will comply with the provisions of Onshore Oil and Gas Order #6. If Hydrogen Sulfide is encountered, measured values and formations will be provided to the BLM. |                   |
| N                                                                                                                                                                                                                                                                                                                                  | H2S is present    |
| Y                                                                                                                                                                                                                                                                                                                                  | H2S Plan attached |

**Total estimated cuttings volume: 1117 bbls.**

**Spur Energy Partners LLC – Poseidon 3 Federal 23H****9. Other facets of operation**

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | <b>Yes/No</b> |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|
| Will more than one drilling rig be used for drilling operations? If yes, describe. Spur Energy Partners LLC. requests the option to contract a Surface Rig to drill, set surface casing, and cement for this well. If the timing between rigs is such that Spur Energy Partners LLC. would not be able to preset surface, the Primary Rig will MIRU and drill the well in its entirety per the APD. Please see the attached document for information on the spudder rig. | Yes           |

## Attachments

- ☒ Directional Plan  
☒ H2S Contingency Plan  
☒ Akita 57 Attachments  
☒ Transcend Spudder Rig Attachments  
☒ BOP Schematics

**10. Company Personnel**

| <u>Name</u>        | <u>Title</u>                     | <u>Office Phone</u> | <u>Mobile Phone</u> |
|--------------------|----------------------------------|---------------------|---------------------|
| Christopher Hollis | Drilling Manager                 | 832-930-8629        | 713-380-7754        |
| Johnny Nabors      | Senior Vice President Operations | 832-930-8502        | 281-904-8811        |



# **Spur Energy Partners, LLC**

**Eddy County, NM (NAD 83 - NME)**

**Poseidon 3 Fed**

**#23H**

**Wellbore #1**

**Plan: Plan #1**

## **Standard Planning Report**

**17 September, 2020**





## Planning Report



|                  |                                |                                     |                                    |
|------------------|--------------------------------|-------------------------------------|------------------------------------|
| <b>Database:</b> | WBDS_SQL_2                     | <b>Local Co-ordinate Reference:</b> | Well #23H                          |
| <b>Company:</b>  | Spur Energy Partners, LLC      | <b>TVD Reference:</b>               | RKB = 20' @ 3733.00usft (Akita 57) |
| <b>Project:</b>  | Eddy County, NM (NAD 83 - NME) | <b>MD Reference:</b>                | RKB = 20' @ 3733.00usft (Akita 57) |
| <b>Site:</b>     | Poseidon 3 Fed                 | <b>North Reference:</b>             | Grid                               |
| <b>Well:</b>     | #23H                           | <b>Survey Calculation Method:</b>   | Minimum Curvature                  |
| <b>Wellbore:</b> | Wellbore #1                    |                                     |                                    |
| <b>Design:</b>   | Plan #1                        |                                     |                                    |

|                    |                                |                      |                |
|--------------------|--------------------------------|----------------------|----------------|
| <b>Project</b>     | Eddy County, NM (NAD 83 - NME) |                      |                |
| <b>Map System:</b> | US State Plane 1983            | <b>System Datum:</b> | Mean Sea Level |
| <b>Geo Datum:</b>  | North American Datum 1983      |                      |                |
| <b>Map Zone:</b>   | New Mexico Eastern Zone        |                      |                |

| Site                  |           | Poseidon 3 Fed |                 |                   |             |
|-----------------------|-----------|----------------|-----------------|-------------------|-------------|
| Site Position:        |           | Northing:      | 677,001.80 usft | Latitude:         | 32.860575   |
| From:                 | Map       | Easting:       | 652,651.20 usft | Longitude:        | -103.970818 |
| Position Uncertainty: | 0.00 usft | Slot Radius:   | 13.200 in       | Grid Convergence: | 0.197       |

|                      |       |             |                     |                 |               |               |
|----------------------|-------|-------------|---------------------|-----------------|---------------|---------------|
| Well                 | #23H  |             |                     |                 |               |               |
| Well Position        | +N/-S | -0.10 usft  | Northing:           | 677,001.70 usft | Latitude:     | 32.860576     |
|                      | +E/-W | -40.00 usft | Easting:            | 652,611.20 usft | Longitude:    | -103.970948   |
| Position Uncertainty |       | 0.00 usft   | Wellhead Elevation: |                 | Ground Level: | 3,713.00 usft |

|                  |                   |                    |                        |                      |                            |
|------------------|-------------------|--------------------|------------------------|----------------------|----------------------------|
| <b>Wellbore</b>  | Wellbore #1       |                    |                        |                      |                            |
| <b>Magnetics</b> | <b>Model Name</b> | <b>Sample Date</b> | <b>Declination (°)</b> | <b>Dip Angle (°)</b> | <b>Field Strength (nT)</b> |
|                  | IGRF2015          | 09/16/20           | 6.837                  | 60.537               | 47,934.01771433            |

|                          |                                |                     |                      |                      |
|--------------------------|--------------------------------|---------------------|----------------------|----------------------|
| <b>Design</b>            | Plan #1                        |                     |                      |                      |
| <b>Audit Notes:</b>      |                                |                     |                      |                      |
| <b>Version:</b>          | <b>Phase:</b>                  | PLAN                | <b>Tie On Depth:</b> | 0.00                 |
| <b>Vertical Section:</b> | <b>Depth From (TVD) (usft)</b> | <b>+N/-S (usft)</b> | <b>+E/-W (usft)</b>  | <b>Direction (°)</b> |
|                          | 0.00                           | 0.00                | 0.00                 | 89.87                |

|                                 |                        |                          |                       |                      |
|---------------------------------|------------------------|--------------------------|-----------------------|----------------------|
| <b>Plan Survey Tool Program</b> | <b>Date</b>            | 09/17/20                 |                       |                      |
| <b>Depth From (usft)</b>        | <b>Depth To (usft)</b> | <b>Survey (Wellbore)</b> | <b>Tool Name</b>      | <b>Remarks</b>       |
| 1                               | 0.00                   | 10,218.23                | Plan #1 (Wellbore #1) | MWD+IGRF             |
|                                 |                        |                          |                       | OWSG MWD + IGRF or W |

|                              |                        |                    |                              |                     |                     |                              |                             |                            |                |                    |
|------------------------------|------------------------|--------------------|------------------------------|---------------------|---------------------|------------------------------|-----------------------------|----------------------------|----------------|--------------------|
| <b>Plan Sections</b>         |                        |                    |                              |                     |                     |                              |                             |                            |                |                    |
| <b>Measured Depth (usft)</b> | <b>Inclination (°)</b> | <b>Azimuth (°)</b> | <b>Vertical Depth (usft)</b> | <b>+N/-S (usft)</b> | <b>+E/-W (usft)</b> | <b>Dogleg Rate (°/100ft)</b> | <b>Build Rate (°/100ft)</b> | <b>Turn Rate (°/100ft)</b> | <b>TFO (°)</b> | <b>Target</b>      |
| 0.00                         | 0.00                   | 0.00               | 0.00                         | 0.00                | 0.00                | 0.00                         | 0.00                        | 0.00                       | 0.000          |                    |
| 3,631.50                     | 0.00                   | 0.00               | 3,631.50                     | 0.00                | 0.00                | 0.00                         | 0.00                        | 0.00                       | 0.000          |                    |
| 4,631.50                     | 60.00                  | 92.15              | 4,458.49                     | -17.91              | 477.13              | 6.00                         | 6.00                        | 0.00                       | 92.150         |                    |
| 4,831.50                     | 60.00                  | 92.15              | 4,558.49                     | -24.41              | 650.21              | 0.00                         | 0.00                        | 0.00                       | 0.000          |                    |
| 5,125.30                     | 89.30                  | 89.87              | 4,635.43                     | -28.96              | 930.39              | 10.00                        | 9.97                        | -0.78                      | -4.646         |                    |
| 10,218.70                    | 89.30                  | 89.87              | 4,697.66                     | -17.60              | 6,023.40            | 0.00                         | 0.00                        | 0.00                       | 0.000          | Poseidon 3 Fed #2' |



## Planning Report



|                  |                                |                                     |                                    |
|------------------|--------------------------------|-------------------------------------|------------------------------------|
| <b>Database:</b> | WBDS_SQL_2                     | <b>Local Co-ordinate Reference:</b> | Well #23H                          |
| <b>Company:</b>  | Spur Energy Partners, LLC      | <b>TVD Reference:</b>               | RKB = 20' @ 3733.00usft (Akita 57) |
| <b>Project:</b>  | Eddy County, NM (NAD 83 - NME) | <b>MD Reference:</b>                | RKB = 20' @ 3733.00usft (Akita 57) |
| <b>Site:</b>     | Poseidon 3 Fed                 | <b>North Reference:</b>             | Grid                               |
| <b>Well:</b>     | #23H                           | <b>Survey Calculation Method:</b>   | Minimum Curvature                  |
| <b>Wellbore:</b> | Wellbore #1                    |                                     |                                    |
| <b>Design:</b>   | Plan #1                        |                                     |                                    |

| Planned Survey        |                 |             |                       |              |              |                         |                       |                      |                     |
|-----------------------|-----------------|-------------|-----------------------|--------------|--------------|-------------------------|-----------------------|----------------------|---------------------|
| Measured Depth (usft) | Inclination (°) | Azimuth (°) | Vertical Depth (usft) | +N/-S (usft) | +E/-W (usft) | Vertical Section (usft) | Dogleg Rate (°/100ft) | Build Rate (°/100ft) | Turn Rate (°/100ft) |
| 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                |
| 200.00                | 0.00            | 0.00        | 200.00                | 0.00         | 0.00         | 0.00                    | 0.00                  | 0.00                 | 0.00                |
| 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                |
| 1,200.00              | 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                |
| 1,400.00              | 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              | 0.00            | 0.00        | 1,600.00              | 0.00         | 0.00         | 0.00                    | 0.00                  | 0.00                 | 0.00                |
| 1,700.00              | 0.00            | 0.00        | 1,700.00              | 0.00         | 0.00         | 0.00                    | 0.00                  | 0.00                 | 0.00                |
| 1,800.00              | 0.00            | 0.00        | 1,800.00              | 0.00         | 0.00         | 0.00                    | 0.00                  | 0.00                 | 0.00                |
| 1,900.00              | 0.00            | 0.00        | 1,900.00              | 0.00         | 0.00         | 0.00                    | 0.00                  | 0.00                 | 0.00                |
| 2,000.00              | 0.00            | 0.00        | 2,000.00              | 0.00         | 0.00         | 0.00                    | 0.00                  | 0.00                 | 0.00                |
| 2,100.00              | 0.00            | 0.00        | 2,100.00              | 0.00         | 0.00         | 0.00                    | 0.00                  | 0.00                 | 0.00                |
| 2,200.00              | 0.00            | 0.00        | 2,200.00              | 0.00         | 0.00         | 0.00                    | 0.00                  | 0.00                 | 0.00                |
| 2,300.00              | 0.00            | 0.00        | 2,300.00              | 0.00         | 0.00         | 0.00                    | 0.00                  | 0.00                 | 0.00                |
| 2,400.00              | 0.00            | 0.00        | 2,400.00              | 0.00         | 0.00         | 0.00                    | 0.00                  | 0.00                 | 0.00                |
| 2,500.00              | 0.00            | 0.00        | 2,500.00              | 0.00         | 0.00         | 0.00                    | 0.00                  | 0.00                 | 0.00                |
| 2,600.00              | 0.00            | 0.00        | 2,600.00              | 0.00         | 0.00         | 0.00                    | 0.00                  | 0.00                 | 0.00                |
| 2,700.00              | 0.00            | 0.00        | 2,700.00              | 0.00         | 0.00         | 0.00                    | 0.00                  | 0.00                 | 0.00                |
| 2,800.00              | 0.00            | 0.00        | 2,800.00              | 0.00         | 0.00         | 0.00                    | 0.00                  | 0.00                 | 0.00                |
| 2,900.00              | 0.00            | 0.00        | 2,900.00              | 0.00         | 0.00         | 0.00                    | 0.00                  | 0.00                 | 0.00                |
| 3,000.00              | 0.00            | 0.00        | 3,000.00              | 0.00         | 0.00         | 0.00                    | 0.00                  | 0.00                 | 0.00                |
| 3,100.00              | 0.00            | 0.00        | 3,100.00              | 0.00         | 0.00         | 0.00                    | 0.00                  | 0.00                 | 0.00                |
| 3,200.00              | 0.00            | 0.00        | 3,200.00              | 0.00         | 0.00         | 0.00                    | 0.00                  | 0.00                 | 0.00                |
| 3,300.00              | 0.00            | 0.00        | 3,300.00              | 0.00         | 0.00         | 0.00                    | 0.00                  | 0.00                 | 0.00                |
| 3,400.00              | 0.00            | 0.00        | 3,400.00              | 0.00         | 0.00         | 0.00                    | 0.00                  | 0.00                 | 0.00                |
| 3,500.00              | 0.00            | 0.00        | 3,500.00              | 0.00         | 0.00         | 0.00                    | 0.00                  | 0.00                 | 0.00                |
| 3,600.00              | 0.00            | 0.00        | 3,600.00              | 0.00         | 0.00         | 0.00                    | 0.00                  | 0.00                 | 0.00                |
| 3,631.50              | 0.00            | 0.00        | 3,631.50              | 0.00         | 0.00         | 0.00                    | 0.00                  | 0.00                 | 0.00                |
| 3,650.00              | 1.11            | 92.15       | 3,650.00              | -0.01        | 0.18         | 0.18                    | 6.00                  | 6.00                 | 0.00                |
| 3,700.00              | 4.11            | 92.15       | 3,699.94              | -0.09        | 2.45         | 2.45                    | 6.00                  | 6.00                 | 0.00                |
| 3,750.00              | 7.11            | 92.15       | 3,749.70              | -0.28        | 7.34         | 7.34                    | 6.00                  | 6.00                 | 0.00                |
| 3,800.00              | 10.11           | 92.15       | 3,799.13              | -0.56        | 14.82        | 14.82                   | 6.00                  | 6.00                 | 0.00                |
| 3,850.00              | 13.11           | 92.15       | 3,848.10              | -0.93        | 24.87        | 24.87                   | 6.00                  | 6.00                 | 0.00                |
| 3,900.00              | 16.11           | 92.15       | 3,896.48              | -1.41        | 37.47        | 37.47                   | 6.00                  | 6.00                 | 0.00                |
| 3,950.00              | 19.11           | 92.15       | 3,944.13              | -1.97        | 52.59        | 52.58                   | 6.00                  | 6.00                 | 0.00                |
| 4,000.00              | 22.11           | 92.15       | 3,990.92              | -2.63        | 70.17        | 70.17                   | 6.00                  | 6.00                 | 0.00                |
| 4,050.00              | 25.11           | 92.15       | 4,036.73              | -3.39        | 90.18        | 90.17                   | 6.00                  | 6.00                 | 0.00                |
| 4,100.00              | 28.11           | 92.15       | 4,081.43              | -4.23        | 112.56       | 112.55                  | 6.00                  | 6.00                 | 0.00                |
| 4,150.00              | 31.11           | 92.15       | 4,124.90              | -5.15        | 137.24       | 137.23                  | 6.00                  | 6.00                 | 0.00                |
| 4,200.00              | 34.11           | 92.15       | 4,167.01              | -6.16        | 164.17       | 164.15                  | 6.00                  | 6.00                 | 0.00                |
| 4,250.00              | 37.11           | 92.15       | 4,207.65              | -7.26        | 193.26       | 193.24                  | 6.00                  | 6.00                 | 0.00                |
| 4,300.00              | 40.11           | 92.15       | 4,246.72              | -8.43        | 224.43       | 224.41                  | 6.00                  | 6.00                 | 0.00                |
| 4,350.00              | 43.11           | 92.15       | 4,284.10              | -9.67        | 257.61       | 257.59                  | 6.00                  | 6.00                 | 0.00                |
| 4,400.00              | 46.11           | 92.15       | 4,319.69              | -10.99       | 292.69       | 292.67                  | 6.00                  | 6.00                 | 0.00                |



## Planning Report



|                  |                                |                                     |                                    |
|------------------|--------------------------------|-------------------------------------|------------------------------------|
| <b>Database:</b> | WBDS_SQL_2                     | <b>Local Co-ordinate Reference:</b> | Well #23H                          |
| <b>Company:</b>  | Spur Energy Partners, LLC      | <b>TVD Reference:</b>               | RKB = 20' @ 3733.00usft (Akita 57) |
| <b>Project:</b>  | Eddy County, NM (NAD 83 - NME) | <b>MD Reference:</b>                | RKB = 20' @ 3733.00usft (Akita 57) |
| <b>Site:</b>     | Poseidon 3 Fed                 | <b>North Reference:</b>             | Grid                               |
| <b>Well:</b>     | #23H                           | <b>Survey Calculation Method:</b>   | Minimum Curvature                  |
| <b>Wellbore:</b> | Wellbore #1                    |                                     |                                    |
| <b>Design:</b>   | Plan #1                        |                                     |                                    |

| Planned Survey        |                 |             |                       |              |              |                         |                       |                      |                     |  |
|-----------------------|-----------------|-------------|-----------------------|--------------|--------------|-------------------------|-----------------------|----------------------|---------------------|--|
| Measured Depth (usft) | Inclination (°) | Azimuth (°) | Vertical Depth (usft) | +N/-S (usft) | +E/-W (usft) | Vertical Section (usft) | Dogleg Rate (°/100ft) | Build Rate (°/100ft) | Turn Rate (°/100ft) |  |
| 4,450.00              | 49.11           | 92.15       | 4,353.40              | -12.37       | 329.59       | 329.56                  | 6.00                  | 6.00                 | 0.00                |  |
| 4,500.00              | 52.11           | 92.15       | 4,385.12              | -13.82       | 368.20       | 368.17                  | 6.00                  | 6.00                 | 0.00                |  |
| 4,550.00              | 55.11           | 92.15       | 4,414.78              | -15.33       | 408.42       | 408.38                  | 6.00                  | 6.00                 | 0.00                |  |
| 4,600.00              | 58.11           | 92.15       | 4,442.30              | -16.90       | 450.13       | 450.09                  | 6.00                  | 6.00                 | 0.00                |  |
| 4,631.50              | 60.00           | 92.15       | 4,458.49              | -17.91       | 477.13       | 477.09                  | 6.00                  | 6.00                 | 0.00                |  |
| 4,700.00              | 60.00           | 92.15       | 4,492.74              | -20.14       | 536.41       | 536.36                  | 0.00                  | 0.00                 | 0.00                |  |
| 4,800.00              | 60.00           | 92.15       | 4,542.74              | -23.39       | 622.95       | 622.90                  | 0.00                  | 0.00                 | 0.00                |  |
| 4,831.50              | 60.00           | 92.15       | 4,558.49              | -24.41       | 650.21       | 650.15                  | 0.00                  | 0.00                 | 0.00                |  |
| 4,850.00              | 61.84           | 91.98       | 4,567.48              | -24.99       | 666.37       | 666.31                  | 10.00                 | 9.97                 | -0.92               |  |
| 4,900.00              | 66.83           | 91.55       | 4,589.13              | -26.38       | 711.40       | 711.34                  | 10.00                 | 9.97                 | -0.86               |  |
| 4,950.00              | 71.81           | 91.15       | 4,606.78              | -27.47       | 758.15       | 758.09                  | 10.00                 | 9.97                 | -0.80               |  |
| 5,000.00              | 76.80           | 90.77       | 4,620.30              | -28.27       | 806.27       | 806.20                  | 10.00                 | 9.97                 | -0.76               |  |
| 5,050.00              | 81.79           | 90.40       | 4,629.58              | -28.78       | 855.38       | 855.31                  | 10.00                 | 9.97                 | -0.73               |  |
| 5,100.00              | 86.78           | 90.05       | 4,634.56              | -28.97       | 905.11       | 905.05                  | 10.00                 | 9.98                 | -0.71               |  |
| 5,125.30              | 89.30           | 89.87       | 4,635.43              | -28.96       | 930.39       | 930.33                  | 10.00                 | 9.98                 | -0.70               |  |
| 5,200.00              | 89.30           | 89.87       | 4,636.34              | -28.79       | 1,005.09     | 1,005.02                | 0.00                  | 0.00                 | 0.00                |  |
| 5,300.00              | 89.30           | 89.87       | 4,637.56              | -28.57       | 1,105.08     | 1,105.02                | 0.00                  | 0.00                 | 0.00                |  |
| 5,400.00              | 89.30           | 89.87       | 4,638.79              | -28.34       | 1,205.08     | 1,205.01                | 0.00                  | 0.00                 | 0.00                |  |
| 5,500.00              | 89.30           | 89.87       | 4,640.01              | -28.12       | 1,305.07     | 1,305.00                | 0.00                  | 0.00                 | 0.00                |  |
| 5,600.00              | 89.30           | 89.87       | 4,641.23              | -27.90       | 1,405.06     | 1,404.99                | 0.00                  | 0.00                 | 0.00                |  |
| 5,700.00              | 89.30           | 89.87       | 4,642.45              | -27.67       | 1,505.05     | 1,504.99                | 0.00                  | 0.00                 | 0.00                |  |
| 5,800.00              | 89.30           | 89.87       | 4,643.67              | -27.45       | 1,605.05     | 1,604.98                | 0.00                  | 0.00                 | 0.00                |  |
| 5,900.00              | 89.30           | 89.87       | 4,644.89              | -27.23       | 1,705.04     | 1,704.97                | 0.00                  | 0.00                 | 0.00                |  |
| 6,000.00              | 89.30           | 89.87       | 4,646.12              | -27.01       | 1,805.03     | 1,804.96                | 0.00                  | 0.00                 | 0.00                |  |
| 6,100.00              | 89.30           | 89.87       | 4,647.34              | -26.78       | 1,905.02     | 1,904.96                | 0.00                  | 0.00                 | 0.00                |  |
| 6,200.00              | 89.30           | 89.87       | 4,648.56              | -26.56       | 2,005.01     | 2,004.95                | 0.00                  | 0.00                 | 0.00                |  |
| 6,300.00              | 89.30           | 89.87       | 4,649.78              | -26.34       | 2,105.01     | 2,104.94                | 0.00                  | 0.00                 | 0.00                |  |
| 6,400.00              | 89.30           | 89.87       | 4,651.00              | -26.11       | 2,205.00     | 2,204.93                | 0.00                  | 0.00                 | 0.00                |  |
| 6,500.00              | 89.30           | 89.87       | 4,652.23              | -25.89       | 2,304.99     | 2,304.93                | 0.00                  | 0.00                 | 0.00                |  |
| 6,600.00              | 89.30           | 89.87       | 4,653.45              | -25.67       | 2,404.98     | 2,404.92                | 0.00                  | 0.00                 | 0.00                |  |
| 6,700.00              | 89.30           | 89.87       | 4,654.67              | -25.44       | 2,504.98     | 2,504.91                | 0.00                  | 0.00                 | 0.00                |  |
| 6,800.00              | 89.30           | 89.87       | 4,655.89              | -25.22       | 2,604.97     | 2,604.90                | 0.00                  | 0.00                 | 0.00                |  |
| 6,900.00              | 89.30           | 89.87       | 4,657.11              | -25.00       | 2,704.96     | 2,704.90                | 0.00                  | 0.00                 | 0.00                |  |
| 7,000.00              | 89.30           | 89.87       | 4,658.33              | -24.78       | 2,804.95     | 2,804.89                | 0.00                  | 0.00                 | 0.00                |  |
| 7,100.00              | 89.30           | 89.87       | 4,659.56              | -24.55       | 2,904.95     | 2,904.88                | 0.00                  | 0.00                 | 0.00                |  |
| 7,200.00              | 89.30           | 89.87       | 4,660.78              | -24.33       | 3,004.94     | 3,004.87                | 0.00                  | 0.00                 | 0.00                |  |
| 7,300.00              | 89.30           | 89.87       | 4,662.00              | -24.11       | 3,104.93     | 3,104.87                | 0.00                  | 0.00                 | 0.00                |  |
| 7,400.00              | 89.30           | 89.87       | 4,663.22              | -23.88       | 3,204.92     | 3,204.86                | 0.00                  | 0.00                 | 0.00                |  |
| 7,500.00              | 89.30           | 89.87       | 4,664.44              | -23.66       | 3,304.91     | 3,304.85                | 0.00                  | 0.00                 | 0.00                |  |
| 7,600.00              | 89.30           | 89.87       | 4,665.67              | -23.44       | 3,404.91     | 3,404.84                | 0.00                  | 0.00                 | 0.00                |  |
| 7,700.00              | 89.30           | 89.87       | 4,666.89              | -23.22       | 3,504.90     | 3,504.84                | 0.00                  | 0.00                 | 0.00                |  |
| 7,800.00              | 89.30           | 89.87       | 4,668.11              | -22.99       | 3,604.89     | 3,604.83                | 0.00                  | 0.00                 | 0.00                |  |
| 7,900.00              | 89.30           | 89.87       | 4,669.33              | -22.77       | 3,704.88     | 3,704.82                | 0.00                  | 0.00                 | 0.00                |  |
| 8,000.00              | 89.30           | 89.87       | 4,670.55              | -22.55       | 3,804.88     | 3,804.82                | 0.00                  | 0.00                 | 0.00                |  |
| 8,100.00              | 89.30           | 89.87       | 4,671.77              | -22.32       | 3,904.87     | 3,904.81                | 0.00                  | 0.00                 | 0.00                |  |
| 8,200.00              | 89.30           | 89.87       | 4,673.00              | -22.10       | 4,004.86     | 4,004.80                | 0.00                  | 0.00                 | 0.00                |  |
| 8,300.00              | 89.30           | 89.87       | 4,674.22              | -21.88       | 4,104.85     | 4,104.79                | 0.00                  | 0.00                 | 0.00                |  |
| 8,400.00              | 89.30           | 89.87       | 4,675.44              | -21.65       | 4,204.85     | 4,204.79                | 0.00                  | 0.00                 | 0.00                |  |
| 8,500.00              | 89.30           | 89.87       | 4,676.66              | -21.43       | 4,304.84     | 4,304.78                | 0.00                  | 0.00                 | 0.00                |  |
| 8,600.00              | 89.30           | 89.87       | 4,677.88              | -21.21       | 4,404.83     | 4,404.77                | 0.00                  | 0.00                 | 0.00                |  |
| 8,700.00              | 89.30           | 89.87       | 4,679.10              | -20.99       | 4,504.82     | 4,504.76                | 0.00                  | 0.00                 | 0.00                |  |
| 8,800.00              | 89.30           | 89.87       | 4,680.33              | -20.76       | 4,604.81     | 4,604.76                | 0.00                  | 0.00                 | 0.00                |  |
| 8,900.00              | 89.30           | 89.87       | 4,681.55              | -20.54       | 4,704.81     | 4,704.75                | 0.00                  | 0.00                 | 0.00                |  |
| 9,000.00              | 89.30           | 89.87       | 4,682.77              | -20.32       | 4,804.80     | 4,804.74                | 0.00                  | 0.00                 | 0.00                |  |





## Planning Report



|                  |                                |                                     |                                    |
|------------------|--------------------------------|-------------------------------------|------------------------------------|
| <b>Database:</b> | WBDS_SQL_2                     | <b>Local Co-ordinate Reference:</b> | Well #23H                          |
| <b>Company:</b>  | Spur Energy Partners, LLC      | <b>TVD Reference:</b>               | RKB = 20' @ 3733.00usft (Akita 57) |
| <b>Project:</b>  | Eddy County, NM (NAD 83 - NME) | <b>MD Reference:</b>                | RKB = 20' @ 3733.00usft (Akita 57) |
| <b>Site:</b>     | Poseidon 3 Fed                 | <b>North Reference:</b>             | Grid                               |
| <b>Well:</b>     | #23H                           | <b>Survey Calculation Method:</b>   | Minimum Curvature                  |
| <b>Wellbore:</b> | Wellbore #1                    |                                     |                                    |
| <b>Design:</b>   | Plan #1                        |                                     |                                    |

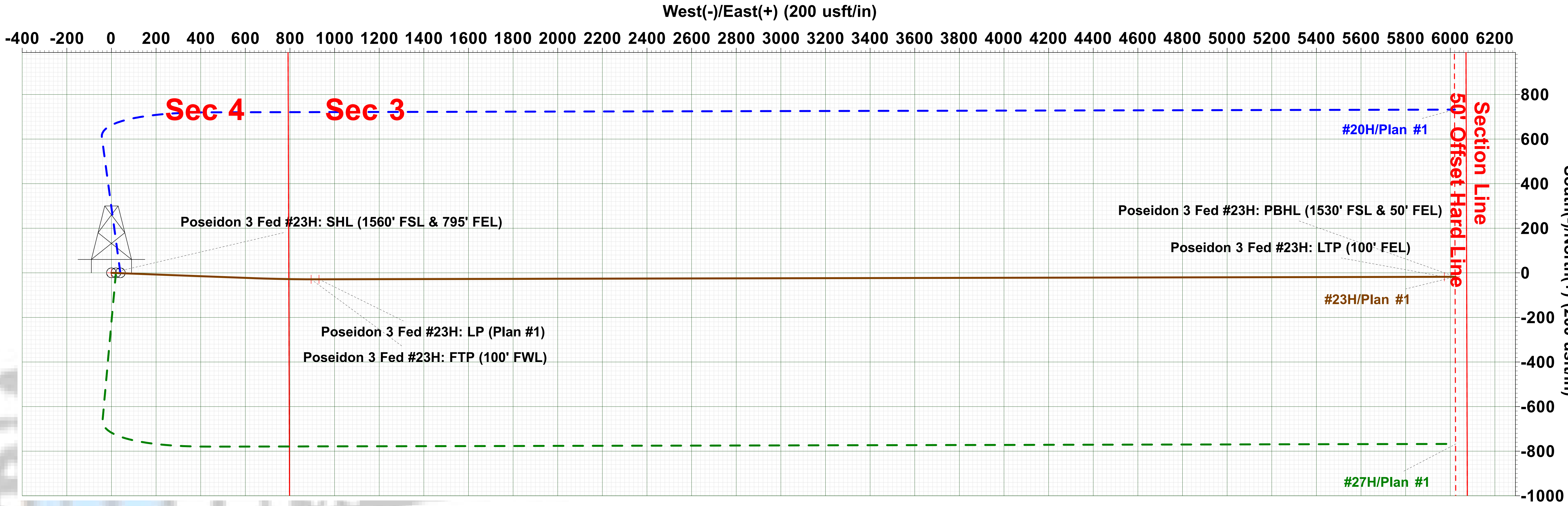
| Planned Survey        |                 |             |                       |              |              |                         |                       |                      |                     |  |
|-----------------------|-----------------|-------------|-----------------------|--------------|--------------|-------------------------|-----------------------|----------------------|---------------------|--|
| Measured Depth (usft) | Inclination (°) | Azimuth (°) | Vertical Depth (usft) | +N/-S (usft) | +E/-W (usft) | Vertical Section (usft) | Dogleg Rate (°/100ft) | Build Rate (°/100ft) | Turn Rate (°/100ft) |  |
| 9,100.00              | 89.30           | 89.87       | 4,683.99              | -20.09       | 4,904.79     | 4,904.73                | 0.00                  | 0.00                 | 0.00                |  |
| 9,200.00              | 89.30           | 89.87       | 4,685.21              | -19.87       | 5,004.78     | 5,004.73                | 0.00                  | 0.00                 | 0.00                |  |
| 9,300.00              | 89.30           | 89.87       | 4,686.44              | -19.65       | 5,104.78     | 5,104.72                | 0.00                  | 0.00                 | 0.00                |  |
| 9,400.00              | 89.30           | 89.87       | 4,687.66              | -19.43       | 5,204.77     | 5,204.71                | 0.00                  | 0.00                 | 0.00                |  |
| 9,500.00              | 89.30           | 89.87       | 4,688.88              | -19.20       | 5,304.76     | 5,304.70                | 0.00                  | 0.00                 | 0.00                |  |
| 9,600.00              | 89.30           | 89.87       | 4,690.10              | -18.98       | 5,404.75     | 5,404.70                | 0.00                  | 0.00                 | 0.00                |  |
| 9,700.00              | 89.30           | 89.87       | 4,691.32              | -18.76       | 5,504.74     | 5,504.69                | 0.00                  | 0.00                 | 0.00                |  |
| 9,800.00              | 89.30           | 89.87       | 4,692.54              | -18.53       | 5,604.74     | 5,604.68                | 0.00                  | 0.00                 | 0.00                |  |
| 9,900.00              | 89.30           | 89.87       | 4,693.77              | -18.31       | 5,704.73     | 5,704.67                | 0.00                  | 0.00                 | 0.00                |  |
| 10,000.00             | 89.30           | 89.87       | 4,694.99              | -18.09       | 5,804.72     | 5,804.67                | 0.00                  | 0.00                 | 0.00                |  |
| 10,100.00             | 89.30           | 89.87       | 4,696.21              | -17.86       | 5,904.71     | 5,904.66                | 0.00                  | 0.00                 | 0.00                |  |
| 10,200.00             | 89.30           | 89.87       | 4,697.43              | -17.64       | 6,004.71     | 6,004.65                | 0.00                  | 0.00                 | 0.00                |  |
| 10,218.70             | 89.30           | 89.87       | 4,697.66              | -17.60       | 6,023.40     | 6,023.34                | 0.00                  | 0.00                 | 0.00                |  |

| Design Targets                                                                                                                  |               |              |            |              |              |                 |                |           |             |  |
|---------------------------------------------------------------------------------------------------------------------------------|---------------|--------------|------------|--------------|--------------|-----------------|----------------|-----------|-------------|--|
| Target Name                                                                                                                     | Dip Angle (°) | Dip Dir. (°) | TVD (usft) | +N/-S (usft) | +E/-W (usft) | Northing (usft) | Easting (usft) | Latitude  | Longitude   |  |
| Poseidon 3 Fed #23H<br>- hit/miss target<br>- Shape<br>- Point                                                                  | 0.00          | 0.00         | 0.00       | 0.00         | 0.00         | 677,001.70      | 652,611.20     | 32.860576 | -103.970948 |  |
| Poseidon 3 Fed #23H<br>- plan hits target center<br>- Point                                                                     | 0.00          | 0.00         | 4,635.00   | -28.80       | 894.90       | 676,972.90      | 653,506.10     | 32.860488 | -103.968034 |  |
| Poseidon 3 Fed #23H<br>- plan misses target center by 1.11usft at 5089.88usft MD (4633.91 TVD, -28.96 N, 895.01 E)<br>- Point   | 0.00          | 0.01         | 4,635.43   | -28.96       | 930.39       | 676,972.74      | 653,541.60     | 32.860487 | -103.967918 |  |
| Poseidon 3 Fed #23H<br>- plan hits target center<br>- Point                                                                     | 0.00          | 0.00         | 4,697.05   | -17.70       | 5,973.40     | 676,984.00      | 658,584.60     | 32.860469 | -103.951495 |  |
| Poseidon 3 Fed #23H<br>- plan misses target center by 0.01usft at 10168.69usft MD (4697.05 TVD, -17.71 N, 5973.40 E)<br>- Point | 0.00          | 0.00         | 4,697.66   | -17.60       | 6,023.40     | 676,984.10      | 658,634.60     | 32.860469 | -103.951332 |  |





Company: Spur Energy Partners, LLC  
Project: Eddy County, NM (NAD 83 - NME)  
Site: Poseidon 3 Fed  
Well: #23H  
Wellbore: Wellbore #1  
Rig: Akita 57  
Design: Plan #1 / 8:53, September 17 2020



WELL DETAILS: #23H

RKB = 20' @ 3733.00usft (Akita 57)  
3713.00

| +N/-S | +E/-W | Northing  | Easting   | Latitude  | Longitude   |
|-------|-------|-----------|-----------|-----------|-------------|
| 0.00  | 0.00  | 677001.70 | 652611.20 | 32.860575 | -103.970948 |

SECTION DETAILS

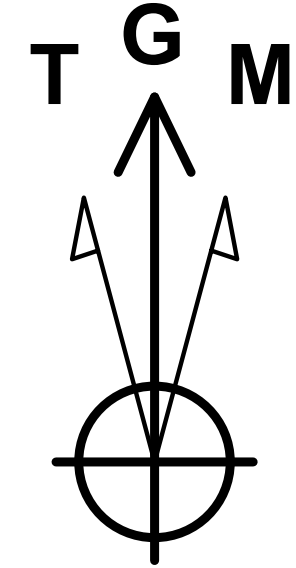
| Sec | MD       | Inc   | Azi   | TVD     | +N/-S  | +E/-W   | Dleg  | VSect   |                                                 |
|-----|----------|-------|-------|---------|--------|---------|-------|---------|-------------------------------------------------|
| 1   | 0.00     | 0.00  | 0.00  | 0.00    | 0.00   | 0.00    | 0.00  | 0.00    |                                                 |
| 2   | 3631.50  | 0.00  | 0.00  | 3631.50 | 0.00   | 0.00    | 0.00  | 0.00    |                                                 |
| 3   | 4631.50  | 60.00 | 92.15 | 4458.49 | -17.91 | 477.13  | 6.00  | 477.09  |                                                 |
| 4   | 4831.50  | 60.00 | 92.15 | 4558.49 | -24.41 | 650.21  | 0.00  | 650.15  |                                                 |
| 5   | 5125.30  | 89.30 | 89.87 | 4635.43 | -28.96 | 930.39  | 10.00 | 930.33  |                                                 |
| 6   | 10218.70 | 89.30 | 89.87 | 4697.66 | -17.60 | 6023.40 | 0.00  | 6023.34 | Poseidon 3 Fed #23H: PBHL (1530' FSL & 50' FEL) |

DESIGN TARGET DETAILS

| Name                                            | TVD     | +N/-S  | +E/-W   | Northing  | Easting   | Latitude  | Longitude   |
|-------------------------------------------------|---------|--------|---------|-----------|-----------|-----------|-------------|
| Poseidon 3 Fed #23H: SHL (1560' FSL & 795' FEL) | 0.00    | 0.00   | 0.00    | 677001.70 | 652611.20 | 32.860575 | -103.970948 |
| Poseidon 3 Fed #23H: FTP (100' FWL)             | 4635.00 | -28.80 | 894.90  | 676972.90 | 653506.10 | 32.860488 | -103.968033 |
| Poseidon 3 Fed #23H: LP (Plan #1)               | 4635.43 | -28.96 | 930.39  | 676972.74 | 653541.59 | 32.860487 | -103.967918 |
| Poseidon 3 Fed #23H: LTP (100' FEL)             | 4697.05 | -17.70 | 5973.40 | 676984.00 | 658584.60 | 32.860469 | -103.951495 |
| Poseidon 3 Fed #23H: PBHL (1530' FSL & 50' FEL) | 4697.66 | -17.60 | 6023.40 | 676984.10 | 658634.60 | 32.860469 | -103.951332 |

PROJECT DETAILS: Eddy County, NM (NAD 83 - NME)

Geodetic System: US State Plane 1983  
Datum: North American Datum 1983  
Ellipsoid: GRS 1980  
Zone: New Mexico Eastern Zone  
System Datum: Mean Sea Level



Azimuths to Grid North  
True North: -0.20°  
Magnetic North: 6.64°

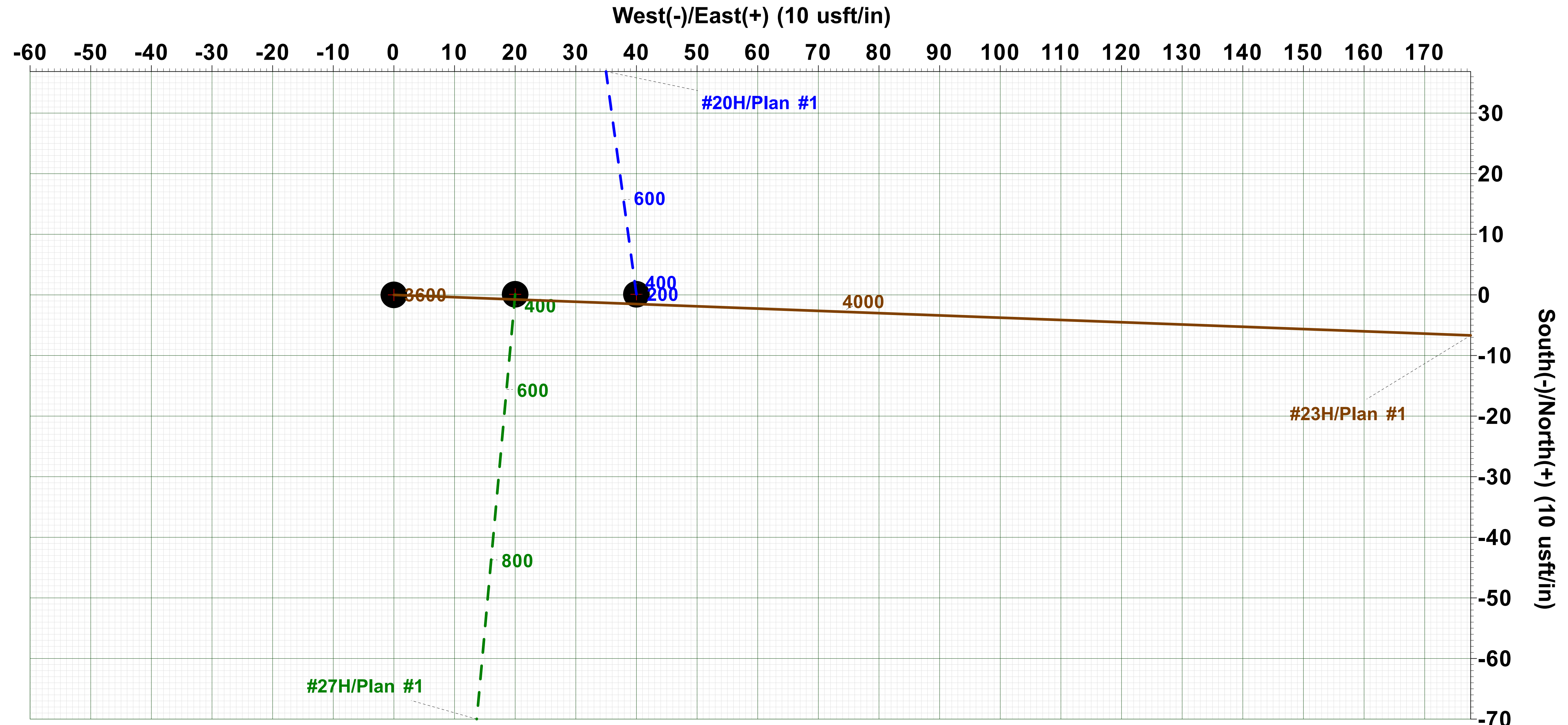
Magnetic Field  
Strength: 47934.0snT  
Dip Angle: 60.54°  
Date: 09/16/2020  
Model: IGRF2015

Disclaimer:

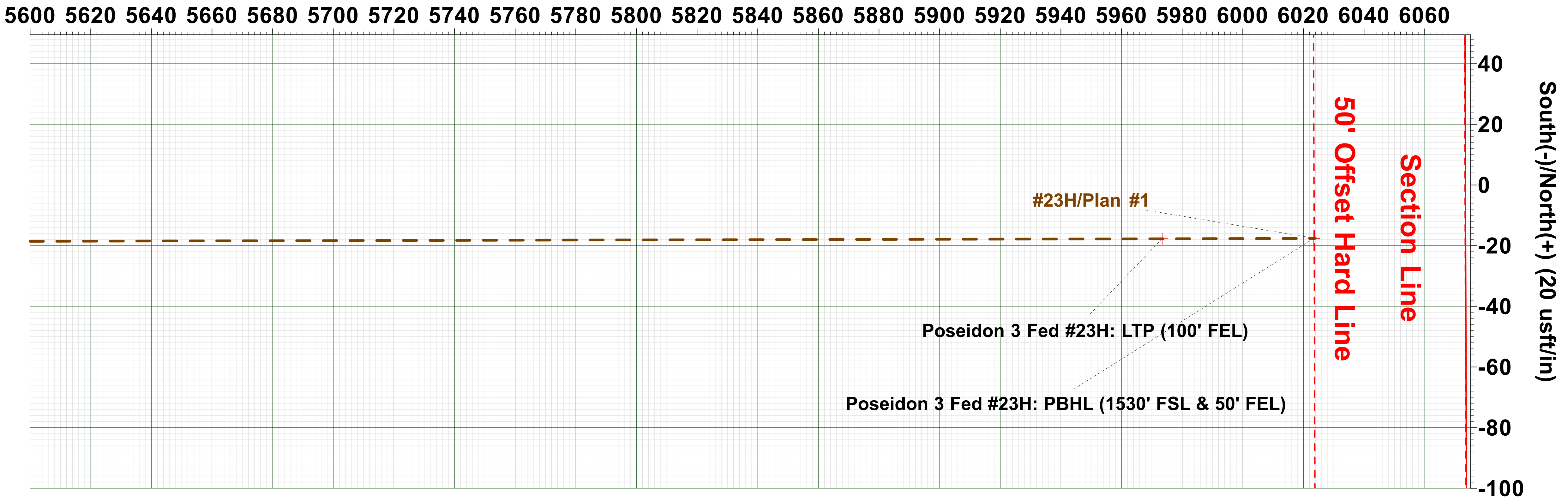
All Plan Details, boundary lines and offset well location/ survey data is provided by customer and subject to customer approval.

CORRECTION REFERENCE DATA:

To convert a Magnetic Direction to a Grid Direction, Add 6.640°  
To convert a True Direction to a Grid Direction, Subtract 0.197°  
To convert a Magnetic Direction to a True Direction, Add 6.837° East  
Magnetic Declination: 6.837°  
Grid Convergence: 0.197° West  
Magnetic Dip Angle: 60.537°  
Magnetic Field Strength: 47934.01771433nT



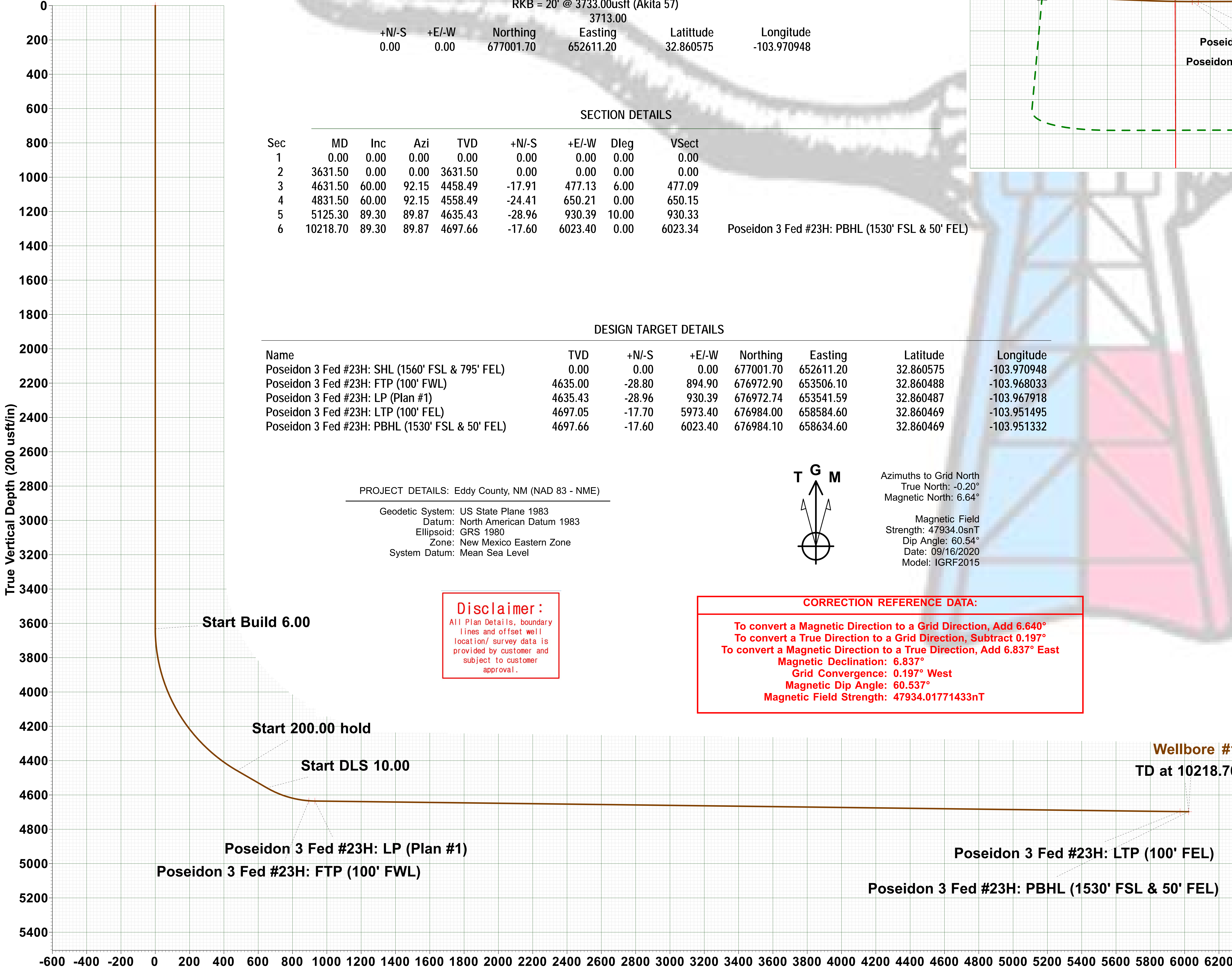
West(-)/East(+) (20 usft/in)



Plan: Plan #1 (#23H/Wellbore #1) Akita 57

Created By: Matthew May Date: 8:53, September 17 2020

Vertical Section at 89.87° (200 usft/in)





## Pecos District

### Application for Permit to Drill

### Conditions of Approval

#### Geology Concerns

|            |                                          |                                        |                                                   |
|------------|------------------------------------------|----------------------------------------|---------------------------------------------------|
| Potash     | <input checked="" type="checkbox"/> None | <input type="checkbox"/> Secretary     | <input type="checkbox"/> R-111-P                  |
| Cave/Karst | <input type="checkbox"/> Medium          | <input type="checkbox"/> High          | <input type="checkbox"/> Critical                 |
| H2S        | <input type="checkbox"/> None            | <input type="checkbox"/> Below 100 PPM | <input checked="" type="checkbox"/> Above 100 PPM |
| Other      | <input type="checkbox"/> 4 String Area   | <input type="checkbox"/> Capitan Reef  | <input type="checkbox"/> SWD Well                 |

Note: The geology of the area where the well is being drilled determines the COAs that apply, not the above table.

#### Additional Engineering Requirements

Surface casing must be set at: 450 feet

Intermediate casing must be set at: 1350 feet

#### General Requirements

1. Changes to the approved APD casing program need prior approval.
2. The Bureau of Land Management (BLM) will be notified in advance to witness:
  - a. Well spudding (minimum 24 hours notice)
  - b. Setting and cementing of all casing strings (minimum 4 hours notice)
  - c. BOPE tests (minimum 4 hours notice)

#### Eddy County

620 East Greene Street, Carlsbad, NM 88220  
(575) 361-2822

#### Lea County

414 West Taylor, Hobbs, NM 88240  
(575) 393-3612

3. The initial wellhead installed on the well will remain on the well with spools used as needed.
4. 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:

- i. 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 a Spudder Rig:
    - i. Notify the BLM when moving in and removing the Spudder Rig.
    - ii. 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.
    - iii. BOP/BOPE test to be conducted per Onshore Oil and Gas Order No. 2 as soon as 2nd Rig is rigged up on well.
5. 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 always be operational 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 doghouse or stairway area.
6. 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.

### **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. 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.
3. The appropriate BLM office shall be notified a minimum of 4 hours in advance for a representative to witness the tests.
  - a. 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.
  - b. The results of the test shall be reported to the appropriate BLM office.
  - c. 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.

- d. 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.
  - e. 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.
  - f. 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).
  - g. 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.
  - h. 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).
4. If the operator has proposed using a 5,000 (5M) Annular on a 10M BOP:
- a. 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.
5. 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.
6. If a variance is approved for a flexible hose to be installed from the BOP to the choke manifold, the following requirements apply:
- a. The flex line must meet the requirements of API 16C.
  - b. Check condition of flexible line from BOP to choke manifold (replace if exterior is damaged or if line fails test).
  - c. Line is to be as straight as possible with no hard bends and is to be anchored according to Manufacturer's requirements.
  - d. The flexible hose can be exchanged with a hose of equal size and equal or greater pressure rating.
  - e. 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.

### **Casing and Cement**

1. 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.).
2. On any well approved for a 5M BOPE system or greater, a pressure integrity test of each casing shoe shall be performed. The 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.
3. 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.
4. The surface casing shall be set at a minimum of 25 feet into the Rustler Anhydrite and 80 feet above the salt and cemented to the surface.
  - 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 8 hours (or 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.
- 5. Intermediate casing must be kept fluid filled to meet BLM minimum collapse requirement.
- 6. Intermediate casing must be cemented to surface. For medium/high cave/karst, potash, and Capitan Reef, wait on cement (WOC) time for a primary cement job is to include the lead cement slurry.
- 7. The production cement should tie-back at least 200 feet (500 feet in Secretary Potash, surface in R-111-P potash) into previous casing string. Operator shall provide method of verification.
- 8. Production liner cement should tie-back at least 100 feet into previous casing string. Operator shall provide verification of cement top.
- 9. The casing integrity test can be done (prior to the cement setting up) immediately after bumping the plug.
- 10. No pea gravel permitted for remedial cement or fall back remedial cement without prior authorization from a BLM petroleum engineer.
- 11. 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.
- 12. DV tools:
  - a. First stage to DV tool (The DV tool may be cancelled if cement circulates to surface on the first stage):
    - i. 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:
    - i. For intermediate casing, cement to surface.

- ii. For production casing, cement should tie-back at least 200 feet (500 feet in Secretary Potash, surface in R-111-P potash) into previous casing string. Operator shall provide method of verification.
  - iii. If cement does not circulate, contact the appropriate BLM office.
- 13. Wait on cement (WOC) for Potash Areas:
  - a. Wait on cement (WOC) time for a primary cement job is to include the lead cement slurry.
  - b. After cementing but before commencing any tests, the casing string shall stand cemented under pressure until both of the following conditions have been met:
    - i. Cement reaches a minimum compressive strength of 500 psi for all cement blends
    - ii. Until cement has been in place at least 24 hours.
  - c. WOC time will be recorded in the driller's log.
  - d. Whenever a casing string is cemented in the R-111-P potash area, the NMOCD requirements shall be followed.
- 14. Wait on cement (WOC) for Water Basin:
  - a. After cementing but before commencing any tests, the casing string shall stand cemented under pressure until both of the following conditions have been met:
    - i. Cement reaches a minimum compressive strength of 500 psi at the shoe
    - ii. Until cement has been in place at least 8 hours.
  - b. WOC time will be recorded in the driller's log.
- 15. Wait on cement (WOC) for Medium and High Cave/Karst Areas:
  - a. Wait on cement (WOC) time for a primary cement job is to include the lead cement slurry.
- 16. If cement does not circulate to surface on the first two casing strings, the cement on the 3rd casing string must come to surface.

### **Drilling Mud**

- 1. 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.

### **Waste Material and Fluids**

- 1. 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.



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

## **Special Requirements**

1. Communitization Agreement
  - a. The operator will submit a Communitization Agreement to the Carlsbad Field Office (620 E Greene St. Carlsbad, New Mexico 88220), 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.
  - b. 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.
    - i. 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.
  - c. In addition, the well sign shall include the surface and bottom hole lease numbers.
    - i. When the Communitization Agreement number is known, it shall also be on the sign.
2. Unit Wells
  - a. The well sign for a unit well shall include the unit number in addition to the surface and bottom hole lease numbers. This also applies to participating area numbers.
    - i. If a participating area has not been established, the operator can use the general unit designation, but will replace the unit number with the participating area number when the sign is replaced.
  - b. Commercial Well Determination
    - i. A commercial well determination shall be submitted after production has been established for at least six months (this is not necessary for secondary recovery unit wells).
3. Hydrogen Sulfide (H<sub>2</sub>S)
  - a. If H<sub>2</sub>S is encountered, provide measured values and formations to the BLM.
  - b. An H<sub>2</sub>S area must meet Onshore Order 6 requirements, which includes equipment and personnel/public protection items.
  - c. An H<sub>2</sub>S Drilling Plan shall be activated 500 feet prior to drilling into the any formation designated as having H<sub>2</sub>S.

- d. Hydrogen Sulfide monitors shall be installed prior to drilling out the surface shoe. If H<sub>2</sub>S is detected in concentrations greater than 100 ppm, the Hydrogen Sulfide area shall meet Onshore Order 6 requirements, which includes equipment and personnel/public protection items.
4. Capitan Reef
- a. If lost circulation (50% or greater) occurs below the Base of the Salt, the operator shall do the following (Use this for 3 string wells in the Capitan Reef, if 4 string well ensure fresh water based mud used across the Capitan interval):
    - i. Switch to fresh water mud to protect the Capitan Reef and use fresh water mud until setting the intermediate casing. The appropriate BLM office is to be notified for a PET to witness the switch to fresh water.
    - ii. Daily drilling reports from the Base of the Salt to the setting of the intermediate casing are to be submitted to the BLM CFO engineering staff via e-mail by 0800 hours each morning. Any lost circulation encountered is to be recorded on these drilling reports.
    - iii. The daily drilling report should show mud volume per shift/tour.
    - iv. Failure to submit these reports will result in an Incidence of Non-Compliance being issued for failure to comply with the Conditions of Approval.
    - v. If not already planned, the operator shall run a caliper survey for the intermediate well bore and submit to the appropriate BLM office.
5. Salt Water Disposal Wells
- a. The operator shall supply the BLM with a copy of a mudlog over the permitted disposal interval and estimated in situ water salinity based on open-hole logs.
  - b. If hydrocarbons are encountered while drilling, the operator shall notify the BLM.
  - c. The operator shall provide to the BLM a summary of formation depth picks based on mudlog and geophysical logs along with a copy of the mudlog and open-hole logs from total depth to top of Devonian.
  - d. An NOI sundry with the completion procedure for this well shall be submitted and approved prior to commencing completion work. The procedure will be reviewed to verify that the completion proposal will allow the operator to:
    - i. Properly evaluate the injection zone utilizing open-hole logs, swab testing and/or any other method to confirm that hydrocarbons cannot be produced in paying quantities. This evaluation shall be reviewed by the BLM prior to injection commencing.
    - ii. Restrict the injection fluid to the approved formation.
    - iii. If a step rate test will be run, an NOI sundry shall be submitted to the BLM for approval.
  - e. If off-lease water will be disposed in this well, the operator shall provide proof of right-of-way approval.

**PECOS DISTRICT  
SURFACE USE  
CONDITIONS OF APPROVAL**

|                  |                          |
|------------------|--------------------------|
| OPERATOR'S NAME: | Spur Energy Partners LLC |
| LEASE NO.:       | NMLC0060325              |
| COUNTY:          | Eddy                     |

**Wells:**

Well Pad 1

Poseidon Federal 20H

Surface Hole Location: 1560' FSL &amp; 755' FEL, Section 4, T. 17 S., R. 30 E.

Bottom Hole Location: 2280' FSL &amp; 50' FEL, Section 3, T. 17 S, R 30 E.

Poseidon Federal 23H

Surface Hole Location: 1560' FSL &amp; 795' FEL, Section 4, T. 17 S., R. 30 E.

Bottom Hole Location: 1530' FSL &amp; 50' FEL, Section 3, T. 17 S, R 30 E.

Poseidon Federal 27H

Surface Hole Location: 1560' FSL &amp; 775' FEL, Section 4, T. 17 S., R. 30 E.

Bottom Hole Location: 780' FSL &amp; 50' FEL, Section 3, T. 17 S, R 30 E.

**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**
  - Watershed
  - Lesser Prairie Chicken
- ☐ **Construction**
  - Notification
  - Topsoil
  - Closed Loop System
  - Federal Mineral Material Pits
  - Well Pads
  - Roads
- ☐ **Road Section Diagram**
- ☒ **Production (Post Drilling)**
  - Well Structures & Facilities
  - Pipelines
  - Electric Lines
- ☐ **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 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.

OR

If the entire project is covered under the Permian Basin Programmatic Agreement (cultural resources only):

The proponent has contributed funds commensurate to the undertaking into an account for offsite mitigation. Participation in the PA serves as mitigation for the effects of this project on cultural resources. If any human skeletal remains, funerary objects, sacred objects, or objects of cultural patrimony are discovered at any time during construction, all construction activities shall halt and the BLM will be notified as soon as possible within 24 hours. Work shall not resume until a Notice to Proceed is issued by the BLM. See information below discussing NAGPRA.

If the proposed project is split between a Class III inventory and a Permian Basin Programmatic Agreement contribution, the portion of the project covered under Class III inventory should default to the first paragraph stipulations.

The holder is hereby obligated to comply with procedures established in the Native American Graves Protection and Repatriation Act (NAGPRA) to protect such cultural items as human remains, associated funerary objects, sacred objects, and objects of cultural patrimony discovered inadvertently during the course of project implementation. In the event that any of the cultural items listed above are discovered during the course of project work, the proponent shall immediately halt the disturbance and contact the BLM within 24 hours for instructions. The proponent or initiator of any project shall be held responsible for protecting, evaluating, reporting, excavating, treating, and disposing of these cultural items according to the procedures established by the BLM in consultation with Indian Tribes."

Any 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.

#### **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.

#### **SPECIAL REQUIREMENT(S)**

##### **Watershed:**

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:**

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.

##### **BURIED/SURFACE LINE(S):**

Prior to pipeline installation/construction a leak detection plan will be developed. The method(s) could incorporate gauges to detect pressure drops, situating valves and lines so they can be visually inspected periodically or installing electronic sensors to alarm when a leak is present. The leak detection plan will incorporate an automatic shut off system that will be installed for proposed pipelines to minimize the effects of an undesirable event.

##### **ELECTRIC LINE(S):**

Any water erosion that may occur due to the construction of overhead electric line and during the life of the power line will be quickly corrected and proper measures will be taken to prevent future erosion. A power pole should not be placed in drainages, playas, wetlands, riparian areas, or floodplains and must span across the features at a distance away that would not promote further erosion.

**Lesser Prairie Chicken:****Timing Limitation Stipulation/Condition of Approval for Lesser Prairie-Chicken:**

Oil and gas activities including 3-D geophysical exploration, and drilling will not be allowed in lesser prairie-chicken habitat during the period from March 1st through June 15th annually. During that period, other activities that produce noise or involve human activity, such as the maintenance of oil and gas facilities, geophysical exploration other than 3-D operations, and pipeline, road, and well pad construction, will be allowed except between 3:00 am and 9:00 am. The 3:00 am to 9:00 am restriction will not apply to normal, around-the-clock operations, such as venting, flaring, or pumping, which do not require a human presence during this period. Additionally, no new drilling will be allowed within up to 200 meters of leks known at the time of permitting. Normal vehicle use on existing roads will not be restricted. Exhaust noise from pump jack engines must be muffled or otherwise controlled so as not to exceed 75 db measured at 30 ft. from the source of the noise.

**Timing Limitation Exceptions:**

The Carlsbad Field Office will publish an annual map of where the LPC timing and noise stipulations and conditions of approval (Limitations) will apply for the identified year (between March 1 and June 15) based on the latest survey information. The LPC Timing Area map will identify areas which are Habitat Areas (HA), Isolated Population Area (IPA), and Primary Population Area (PPA). The LPC Timing Area map will also have an area in red crosshatch. The red crosshatch area is the only area where an operator is required to submit a request for exception to the LPC Limitations. If an operator is operating outside the red crosshatch area, the LPC Limitations do not apply for that year and an exception to LPC Limitations is not required.

**Ground-level Abandoned Well Marker to avoid raptor perching:**

Upon the plugging and subsequent abandonment of the well, the well marker will be installed at ground level on a plate containing the pertinent information for the plugged well. For more installation details, contact the Carlsbad Field Office at 575-234-5972.

**V. 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 twenty-five (25) 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**

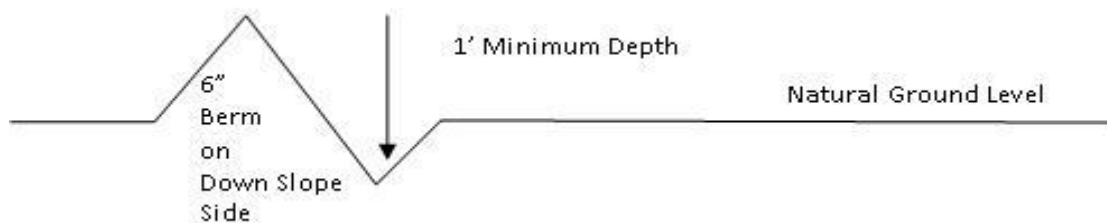
Vehicle turnouts shall be constructed on the road. Turnouts shall be intervisible with interval spacing distance less than 1000 feet. Turnouts shall conform to Figure 1; cross section and plans for typical road construction.

### **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

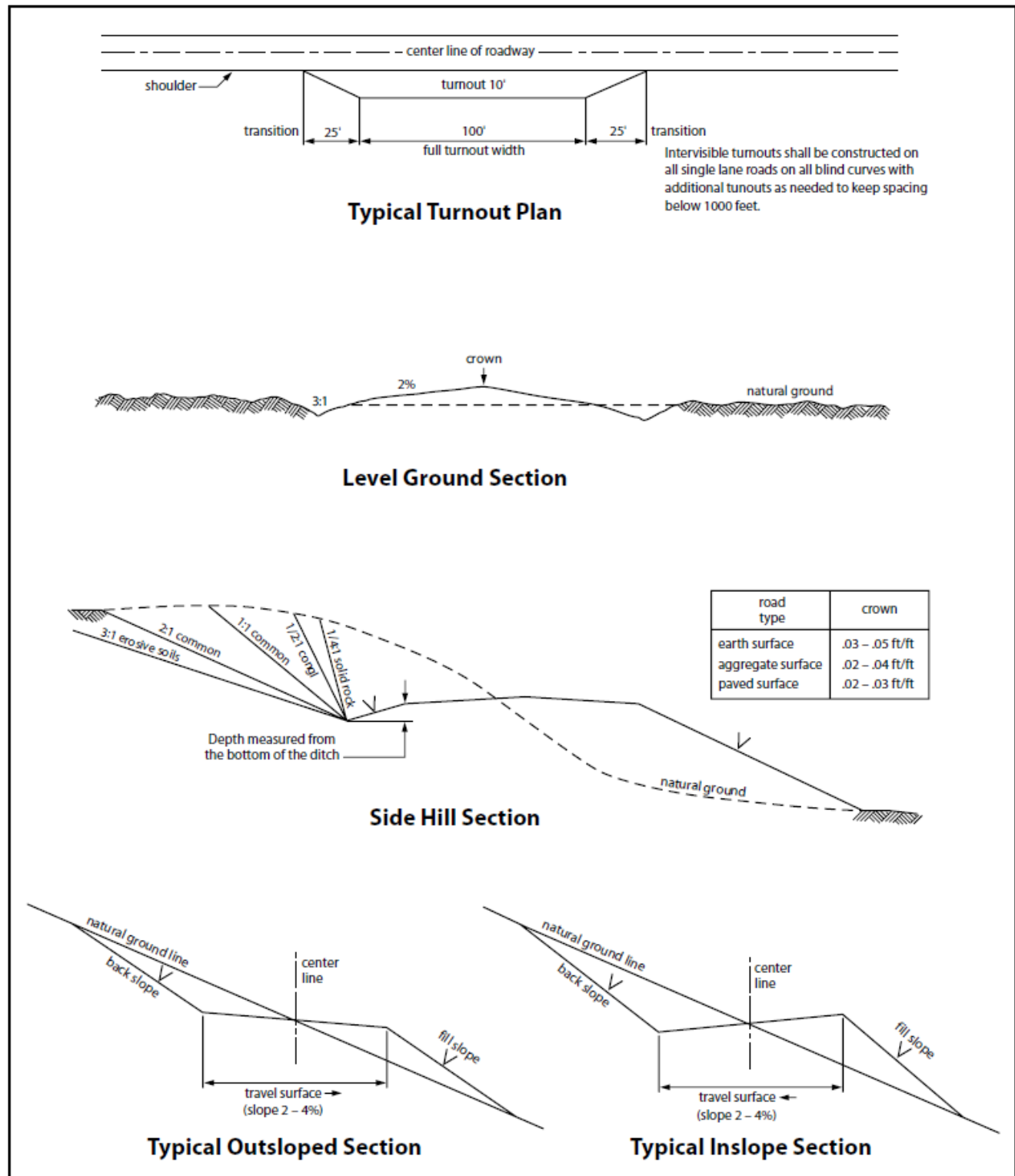


Figure 1. Cross-sections and plans for typical road sections representative of BLM resource or FS local and higher-class roads.

## VI. 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 wild life 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. PIPELINES**

- The BLM, Carlsbad Field Office, will be informed immediately if any subsurface drainage channels, passages, or voids are intersected by trenching, and no pipe will be laid in the trench at that point until clearance has been issued by the Authorized Officer.
- If a void is encountered alignments may be rerouted to avoid the karst feature and lessen; the potential of subsidence or collapse of karst features, buildup of toxic or combustible gas, or other possible impacts to cave and karst resources from the buried pipeline.
- Special restoration stipulations or realignment may be required at such intersections, if any.
- A leak detection plan **will be submitted to the BLM Carlsbad Field Office for approval** prior to pipeline installation. The method could incorporate gauges to detect pressure drops, siting valves and lines so they can be visually inspected periodically or installing electronic sensors to alarm when a leak is present. The leak detection plan will incorporate an automatic shut off system that will be installed for proposed pipelines to minimize the effects of an undesirable event.
- Regular monitoring is required to quickly identify leaks for their immediate and proper treatment.
- All spills or leaks will be reported to the BLM immediately for their immediate and proper treatment.

**BURIED PIPELINE STIPULATIONS**

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

Holder agrees to comply with the following stipulations to the satisfaction of the Authorized Officer:

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.
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 USC 2601 et seq. (1982) with regards to any toxic substances that are used, generated by or stored on the right-of-way or on facilities authorized under this right-of-way 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), or resulting from the activity of the Right-of-Way holder 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 pipeline, any oil or other pollutant should be discharged from the pipeline system, impacting Federal lands, the control and total removal, disposal, and cleaning up of such oil or other pollutant, wherever found, shall be the responsibility of holder, regardless of fault. Upon failure of holder to control, dispose of, or clean up such discharge on or affecting Federal lands, or to repair all damages resulting therefrom, on the Federal lands, the Authorized Officer may take such measures as he deems necessary to control and clean up 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 holder of any responsibility as provided herein.

5. All construction and maintenance activity will be confined to the authorized right-of-way.

6. The pipeline will be buried with a minimum cover of 36 inches between the top of the pipe and ground level.

7. The maximum allowable disturbance for construction in this right-of-way will be 30 feet:

- Blading of vegetation within the right-of-way will be allowed: maximum width of blading operations will not exceed 20 feet. The trench is included in this area. (*Blading is defined as the complete removal of brush and ground vegetation.*)
- Clearing of brush species within the right-of-way will be allowed: maximum width of clearing operations will not exceed 30 feet. The trench and bladed area are included in this area. (*Clearing is defined as the removal of brush while leaving ground vegetation (grasses, weeds, etc.) intact. Clearing is best accomplished by holding the blade 4 to 6 inches above the ground surface.*)
- The remaining area of the right-of-way (if any) shall only be disturbed by compressing the vegetation. (*Compressing can be caused by vehicle tires, placement of equipment, etc.*)

8. The holder shall stockpile an adequate amount of topsoil where blading is allowed. The topsoil to be stripped is approximately 6 inches in depth. The topsoil will be segregated from other spoil piles from trench construction. The topsoil will be evenly distributed over the bladed area for the preparation of seeding.

9. The holder shall minimize disturbance to existing fences and other improvements on public lands. The holder is required to promptly repair improvements to at least their former state. Functional use of these improvements will be maintained at all times. The holder will contact the owner of any improvements prior to disturbing them. When necessary to pass through a fence line, the fence shall be braced on both sides of the passageway prior to cutting of the fence. No permanent gates will be allowed unless approved by the Authorized Officer.

10. Vegetation, soil, and rocks left as a result of construction or maintenance activity will be randomly scattered on this right-of-way and will not be left in rows, piles, or berms, unless otherwise approved by the Authorized Officer. The entire right-of-way shall be recontoured to match the surrounding landscape. The backfilled soil shall be compacted and a 6 inch berm will be left over the ditch line to allow for settling back to grade.

11. In those areas where erosion control structures are required to stabilize soil conditions, the holder will install such structures as are suitable for the specific soil conditions being encountered and which are in accordance with sound resource management practices.

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

|                                                    |                                                  |
|----------------------------------------------------|--------------------------------------------------|
| <input type="checkbox"/> seed mixture 1            | <input type="checkbox"/> seed mixture 3          |
| <input checked="" type="checkbox"/> seed mixture 2 | <input type="checkbox"/> seed mixture 4          |
| <input type="checkbox"/> seed mixture 2/LPC        | <input type="checkbox"/> Aplomado Falcon Mixture |

13. 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 color which simulates "Standard Environmental Colors" – **Shale Green**, Munsell Soil Color No. 5Y 4/2.

14. The pipeline will be identified by signs at the point of origin and completion of the right-of-way and at all road crossings. At a minimum, signs will state the holder's name, BLM serial number, and the product being transported. All signs and information thereon will be posted in a permanent, conspicuous manner, and will be maintained in a legible condition for the life of the pipeline.

15. The holder shall not use the pipeline route as a road for purposes other than routine maintenance as determined necessary by the Authorized Officer in consultation with the holder before maintenance begins. The holder will take whatever steps are necessary to ensure that the pipeline route is not used as a roadway. As determined necessary during the life of the pipeline, the Authorized Officer may ask the holder to construct temporary deterrence structures.

16. Any cultural 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.

OR

If the entire project is covered under the Permian Basin Programmatic Agreement (cultural resources only):

The proponent has contributed funds commensurate to the undertaking into an account for offsite mitigation. Participation in the PA serves as mitigation for the effects of this project on cultural resources. If any human skeletal remains, funerary objects, sacred objects, or objects of cultural patrimony are discovered at any time during construction, all construction activities shall halt and the BLM will be notified as soon as possible within 24 hours. Work shall not resume until a Notice to Proceed is issued by the BLM. See Stipulation 17 for more information.

If the proposed project is split between a Class III inventory and a Permian Basin Programmatic Agreement contribution, the portion of the project covered under Class III inventory should default to the first paragraph stipulations.

17. The holder is hereby obligated to comply with procedures established in the Native American Graves Protection and Repatriation Act (NAGPRA) to protect such cultural items as human remains, associated funerary objects, sacred objects, and objects of cultural patrimony discovered inadvertently during the course of project implementation. In the event that any of the cultural items listed above are discovered during the course of project work, the proponent shall immediately halt the disturbance and contact the BLM within 24 hours for instructions. The proponent or initiator of any project shall be held responsible for protecting, evaluating, reporting, excavating, treating, and disposing of these cultural items according to the procedures established by the BLM in consultation with Indian Tribes."

18. Any 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.

19. 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 associated roads, 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.



20. Escape Ramps - The operator will construct and maintain pipeline/utility trenches [that are not otherwise fenced, screened, or netted] to prevent livestock, wildlife, and humans from becoming entrapped. At a minimum, the operator will construct and maintain escape ramps, ladders, or other methods of avian and terrestrial wildlife escape in the trenches according to the following criteria:

- a. Any trench left open for eight (8) hours or less is not required to have escape ramps; however, before the trench is backfilled, the contractor/operator shall inspect the trench for wildlife, remove all trapped wildlife, and release them at least 100 yards from the trench.
- b. For trenches left open for eight (8) hours or more, earthen escape ramps (built at no more than a 30-degree slope and spaced no more than 500 feet apart) shall be placed in the trench.

#### STANDARD STIPULATIONS FOR SURFACE INSTALLED PIPELINES

**A copy of the Grant and attachments, including stipulations, survey plat(s) and/or map(s), shall be on location during construction. BLM personnel may request to review a copy of your permit during construction to ensure compliance with all stipulations.**

Holder agrees to comply with the following stipulations to the satisfaction of the Authorized Officer:

1. 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.
2. Holder shall comply with all applicable Federal laws and regulations existing or hereafter enacted or promulgated. In any event, Holder shall comply with the Toxic Substances Control Act of 1976 as amended, 15 USC § 2601 *et seq.* (1982) with regard to any toxic substances that are used, generated by or stored on the right-of-way or on facilities authorized under this right-of-way grant (see 40 CFR, Part 702-799 and in particular, 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. 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 activity of the Right-of-Way Holder's activity on the Right-of-Way), or resulting from the activity of the Right-of-Way Holder on the Right-of-Way. This provision applies without regard to whether a release is caused by Holder, its agent, or unrelated third parties.



4. Holder shall be liable for damage or injury to the United States to the extent provided by 43 CFR Sec. 2883.1-4. Holder shall be held to a standard of strict liability for damage or injury to the United States resulting from pipe rupture, fire, or spills caused or substantially aggravated by any of the following within the right-of-way or permit area:

- a. Activities of Holder including, but not limited to: construction, operation, maintenance, and termination of the facility;
- b. Activities of other parties including, but not limited to:
  - (1) Land clearing
  - (2) Earth-disturbing and earth-moving work
  - (3) Blasting
  - (4) Vandalism and sabotage;

c. Acts of God.

The maximum limitation for such strict liability damages shall not exceed one million dollars (\$1,000,000) for any one event, and any liability in excess of such amount shall be determined by the ordinary rules of negligence of the jurisdiction in which the damage or injury occurred.

This section shall not impose strict liability for damage or injury resulting primarily from an act of war or from the negligent acts or omissions of the United States.

5. If, during any phase of the construction, operation, maintenance, or termination of the pipeline, any oil, salt water, or other pollutant should be discharged from the pipeline system, impacting Federal lands, the control and total removal, disposal, and cleaning up of such oil, salt water, or other pollutant, wherever found, shall be the responsibility of Holder, regardless of fault. Upon failure of Holder to control, dispose of, or clean up such discharge on or affecting Federal lands, or to repair all damages resulting therefrom, on the Federal lands, the Authorized Officer may take such measures as he/she deems necessary to control and clean up the discharge and restore the area, including, where appropriate, the aquatic environment and fish and wildlife habitats, at the full expense of Holder. Such action by the Authorized Officer shall not relieve Holder of any responsibility as provided herein.

6. All construction and maintenance activity shall be confined to the authorized right-of-way width of 30 feet. If the pipeline route follows an existing road or buried pipeline right-of-way, the surface pipeline shall be installed no farther than 10 feet from the edge of the road or buried pipeline right-of-way. If existing surface pipelines prevent this distance, the proposed surface pipeline shall be installed immediately adjacent to the outer surface pipeline. All construction and maintenance activity shall be confined to existing roads or right-of-ways.

7. No blading or clearing of any vegetation shall be allowed unless approved in writing by the Authorized Officer.

8. Holder shall install the pipeline on the surface in such a manner that will minimize suspension of the pipeline across low areas in the terrain. In hummocky or dune areas, the pipeline shall be "snaked" around hummocks and dunes rather than suspended across these features.

9. The pipeline shall be buried with a minimum of 6 inches under all roads, "two-tracks," and trails. Burial of the pipe will continue for 20 feet on each side of each crossing. The condition of the road, upon completion of construction, shall be returned to at least its former state with no bumps or dips remaining in the road surface.

10. The holder shall minimize disturbance to existing fences and other improvements on public lands. The holder is required to promptly repair improvements to at least their former state. Functional use of these improvements will be maintained at all times. The holder will contact the owner of any improvements prior to disturbing them. When necessary to pass through a fence line, the fence shall be braced on both sides of the passageway prior to cutting of the fence. No permanent gates will be allowed unless approved by the Authorized Officer.

11. In those areas where erosion control structures are required to stabilize soil conditions, the holder will install such structures as are suitable for the specific soil conditions being encountered and which are in accordance with sound resource management practices.

12. Excluding the pipe, all above-ground structures not subject to safety requirement 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" – **Shale Green**, Munsell Soil Color No. 5Y 4/2; designated by the Rocky Mountain Five State Interagency Committee.

13. The pipeline will be identified by signs at the point of origin and completion of the right-of-way and at all road crossings. At a minimum, signs will state the holder's name, BLM serial number, and the product being transported. Signs will be maintained in a legible condition for the life of the pipeline.

14. The holder shall not use the pipeline route as a road for purposes other than routine maintenance as determined necessary by the Authorized Officer in consultation with the holder. The holder will take whatever steps are necessary to ensure that the pipeline route is not used as a roadway.

15. Any cultural 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.

OR

If the entire project is covered under the Permian Basin Programmatic Agreement (cultural resources only):

The proponent has contributed funds commensurate to the undertaking into an account for offsite mitigation. Participation in the PA serves as mitigation for the effects of this project on cultural resources. If any human skeletal remains, funerary objects, sacred objects, or objects of cultural patrimony are discovered at any time during construction, all construction activities shall halt and the BLM will be notified as soon as possible within 24 hours. Work shall not resume until a Notice to Proceed is issued by the BLM. See Stipulation 16 for more information.

If the proposed project is split between a Class III inventory and a Permian Basin Programmatic Agreement contribution, the portion of the project covered under Class III inventory should default to the first paragraph stipulations.

16. The holder is hereby obligated to comply with procedures established in the Native American Graves Protection and Repatriation Act (NAGPRA) to protect such cultural items as human remains, associated funerary objects, sacred objects, and objects of cultural patrimony discovered inadvertently during the course of project implementation.

In the event that any of the cultural items listed above are discovered during the course of project work, the proponent shall immediately halt the disturbance and contact the BLM within 24 hours for instructions. The proponent or initiator of any project shall be held responsible for protecting, evaluating, reporting, excavating, treating, and disposing of these cultural items according to the procedures established by the BLM in consultation with Indian Tribes."

17. Any 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.

18. 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, powerline 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.

19. Surface pipelines shall be less than or equal to 4 inches and a working pressure below 125 psi.

### **C. ELECTRIC LINES**

- Smaller powerlines will be routed around sinkholes and other karst features to avoid or lessen the possibility of encountering near surface voids and to minimize changes to runoff or possible leaks and spills from entering karst systems. Larger powerlines will adjust their pole spacing to avoid cave and karst features.
- The BLM, Carlsbad Field Office, will be informed immediately if any subsurface drainage channels, cave passages, or voids are penetrated during construction.
- No further construction will be done until clearance has been issued by the Authorized Officer.
- Special restoration stipulations or realignment may be required.

### **STANDARD STIPULATIONS FOR OVERHEAD ELECTRIC DISTRIBUTION LINES**

**A copy of the grant and attachments, including stipulations, survey plat and/or map, will be on location during construction. BLM personnel may request to you a copy of your permit during construction to ensure compliance with all stipulations.**

Holder agrees to comply with the following stipulations to the satisfaction of the Authorized Officer:

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.
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 USC 2601 et seq. (1982) with regards to any toxic substances that are used, generated by or stored on the right-of-way or on facilities authorized under this right-of-way 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), or resulting from the activity of the Right-of-Way holder 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. There will be no clearing or blading of the right-of-way unless otherwise agreed to in writing by the Authorized Officer.

5. Power lines shall be constructed and designed in accordance to standards outlined in "Suggested Practices for Avian Protection on Power lines: The State of the Art in 2006" Edison Electric Institute, APLIC, and the California Energy Commission 2006. The holder shall assume the burden and expense of proving that pole designs not shown in the above publication deter raptor perching, roosting, and nesting. Such proof shall be provided by a raptor expert approved by the Authorized Officer. The BLM reserves the right to require modification or additions to all powerline structures placed on this right-of-way, should they be necessary to ensure the safety of large perching birds. Such modifications and/or additions shall be made by the holder without liability or expense to the United States.

Raptor deterrence will consist of but not limited to the following: triangle perch discouragers shall be placed on each side of the cross arms and a nonconductive perching deterrence shall be placed on all vertical poles that extend past the cross arms.

6. The holder shall minimize disturbance to existing fences and other improvements on public lands. The holder is required to promptly repair improvements to at least their former state. Functional use of these improvements will be maintained at all times. The holder will contact the owner of any improvements prior to disturbing them. When necessary to pass through a fence line, the fence shall be braced on both sides of the passageway prior to cutting the fence. No permanent gates will be allowed unless approved by the Authorized Officer.

7. The BLM serial number assigned to this authorization shall be posted in a permanent, conspicuous manner where the power line crosses roads and at all serviced facilities. Numbers will be at least two inches high and will be affixed to the pole nearest the road crossing and at the facilities served.

8. Upon cancellation, relinquishment, or expiration of this grant, the holder shall comply with those abandonment procedures as prescribed by the Authorized Officer.

9. All surface structures (poles, lines, transformers, etc.) shall be removed within 180 days of abandonment, relinquishment, or termination of use of the serviced facility or facilities or within 180 days of abandonment, relinquishment, cancellation, or expiration of this grant, whichever comes first. This will not apply where the power line extends service to an active, adjoining facility or facilities.

10. Any cultural 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.

OR

If the entire project is covered under the Permian Basin Programmatic Agreement (cultural resources only):

The proponent has contributed funds commensurate to the undertaking into an account for offsite mitigation. Participation in the PA serves as mitigation for the effects of this project on cultural resources. If any human skeletal remains, funerary objects, sacred objects, or objects of cultural patrimony are discovered at any time during construction, all construction activities shall halt and the BLM will be notified as soon as possible within 24 hours. Work shall not resume until a Notice to Proceed is issued by the BLM. See Stipulation 11 for more information.

If the proposed project is split between a Class III inventory and a Permian Basin Programmatic Agreement contribution, the portion of the project covered under Class III inventory should default to the first paragraph stipulations.

11. The holder is hereby obligated to comply with procedures established in the Native American Graves Protection and Repatriation Act (NAGPRA) to protect such cultural items as human remains, associated funerary objects, sacred objects, and objects of cultural patrimony discovered inadvertently during the course of project implementation. In the event that any of the cultural items listed above are discovered during the course of project work, the proponent shall immediately halt the disturbance and contact the BLM within 24 hours for instructions. The proponent or initiator of any project shall be held responsible for protecting, evaluating, reporting, excavating, treating, and disposing of these cultural items according to the procedures established by the BLM in consultation with Indian Tribes."

12. Any 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.

13. Special Stipulations:

For reclamation remove poles, lines, transformer, etc. and dispose of properly.  
Fill in any holes from the poles removed.

## **VII. 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).

## **VIII. 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).

Ground-level Abandoned Well Marker to avoid raptor perching: Upon the plugging and subsequent abandonment of the well, the well marker will be installed at ground level on a plate containing the pertinent information for the plugged well.

**Seed Mixture 2, for Sandy Sites**

The holder shall seed all disturbed areas with the seed mixture listed below. The seed mixture shall be planted in the amounts specified in pounds of pure live seed (PLS)\* per acre. There shall be no primary or secondary noxious weeds in the seed mixture. Seed will be tested and the viability testing of seed will be done in accordance with State law (s) and within nine (9) months prior to purchase. Commercial seed will be either certified or registered seed. The seed container will be tagged in accordance with State law(s) and available for inspection by the authorized officer.

Seed will be planted using a drill equipped with a depth regulator to ensure proper depth of planting where drilling is possible. The seed mixture will be evenly and uniformly planted over the disturbed area (smaller/heavier seeds have a tendency to drop the bottom of the drill and are planted first). The holder shall take appropriate measures to ensure this does not occur. Where drilling is not possible, seed will be broadcast and the area shall be raked or chained to cover the seed. When broadcasting the seed, the pounds per acre are to be doubled. The seeding will be repeated until a satisfactory stand is established as determined by the authorized officer. Evaluation of growth will not be made before completion of at least one full growing season after seeding.

Species to be planted in pounds of pure live seed\* per acre:

**Species**

|                                                     | <u>lb/acre</u> |
|-----------------------------------------------------|----------------|
| Sand dropseed ( <i>Sporobolus cryptandrus</i> )     | 1.0            |
| Sand love grass ( <i>Eragrostis trichodes</i> )     | 1.0            |
| Plains bristlegrass ( <i>Setaria macrostachya</i> ) | 2.0            |

\*Pounds of pure live seed:

Pounds of seed x percent purity x percent germination = pounds pure live seed





# RIG # 57<sub>1,150 HP Double Mast Drilling Rig</sub>

## SUBSTRUCTURE

One Piece Step Down

Floor Height: 18' 9" (on 4' pony sub moving system)

Clear Height (beneath rotary beams): 15' 5"

Rotary Capacity: 400,000 lbf

Max Pipe Setback: 400,000 lbf

Note: All floor heights above are based on the substructure sitting on 6" mats & 4' pony sub moving system

## MAST

106' telescoping, Drill Line: 1-1/8"

Static Hook Load: 440,000 lbf

Racking Capacity: 18,000' of 4" DP, 12,500' of 5" DP

## DRAWWORKS

TSM 850 425,000lbs w/ 10 Lines

Input Power: 1,150 hp AC traction motor

Main Brake: 1,150 hp AC traction motor (Dynamic)

Aux Parking Brake: Eaton brake & drum / band brake system

## TOP DRIVE

Tesco EXI 600 AC 350 Ton: Max speed 220 rpm,

Continuous Drill Torque: 30,000 ft-lbs

Max Torque (Make / Break): 45,000 ft-lbs

600 hp AC induction motor & drive system with PLC

250 Ton 5 x 36" Becket Block Assembly

## IRON ROUGHNECK

NOV ST-90C Conn Range: 4 1/4" to 8 1/2"

Spin Speed: 75 rpm nominal on 5" drill pipe

Spin Torque: 1,750 ft-lbs

Maximum Make-up torque: 60,000 ft-lbs

Maximum Break-out torque: 80,000 ft-lbs

## ROTARY TABLE

National 27 1/2" 500 Ton with hydraulic drive to position tools only

27 1/2" Diameter opening

## POWER SYSTEM

VFD, MCC, Eaton Drives, Current Power Systems Controls, three Caterpillar C32 gen sets, 1220 BHP.

## MUD PUMP #1

HHF1600 Triplex Rated Power: 1600 hp

Stroke: 12"

Input Power: 1500 hp AC traction motor

Pressure Rating: 5000 psi

## MUD PUMP #2

HHF1600 Triplex Rated Power: 1600 hp

Stroke: 12"

Input Power: 1500 hp AC traction motor

Pressure Rating: 5000 psi

## MUD TANKS

Two Tank system w/ 1200 bbls total capacity

Shakers: Three MI Swaco Mongoose 4 panel dual motion

Mud Gas Separator: MI Swaco 4' OD x 12' tall

Pill Tank: 54 bbls

## MUD SYSTEM

5000 psi Max Pressure

5" Main plumbing and standpipe

## SCALPING TANK

Main Tank: 186 bbls capacity

Trip Tank: 24 bbls capacity

Shakers: Three NOV Venom shakers dual motion

## BOP (NACE)

11" x 5000 psi WP Spherical Annular

11" x 5000 psi WP Double Ram

11" x 5000 psi WP Single Ram (Optional)

## MANIFOLD

3-1/8" 5,000 psi c/w two 3 1/8" manual chokes

## ACCUMULATOR

CTI: 160 gal 6 station 3000 psi, c/w N2 Backup & electric triplex pump

## CATWALK

Ja-co Power Catwalk, tubular max length 47' 6", max OD 13 5/8", max weight 10,000lbs

## TUBULARS

Drill Pipe: Supplied as needed, per availability

Drill Collars & heavywate: Supplied as needed, per availability

## MISC.

Water Tank: 409 bbls; Fuel Tank 189 bbls; Screw Compressor

Boiler: 125 hp with Full Winterization

## MOVING SYSTEM:

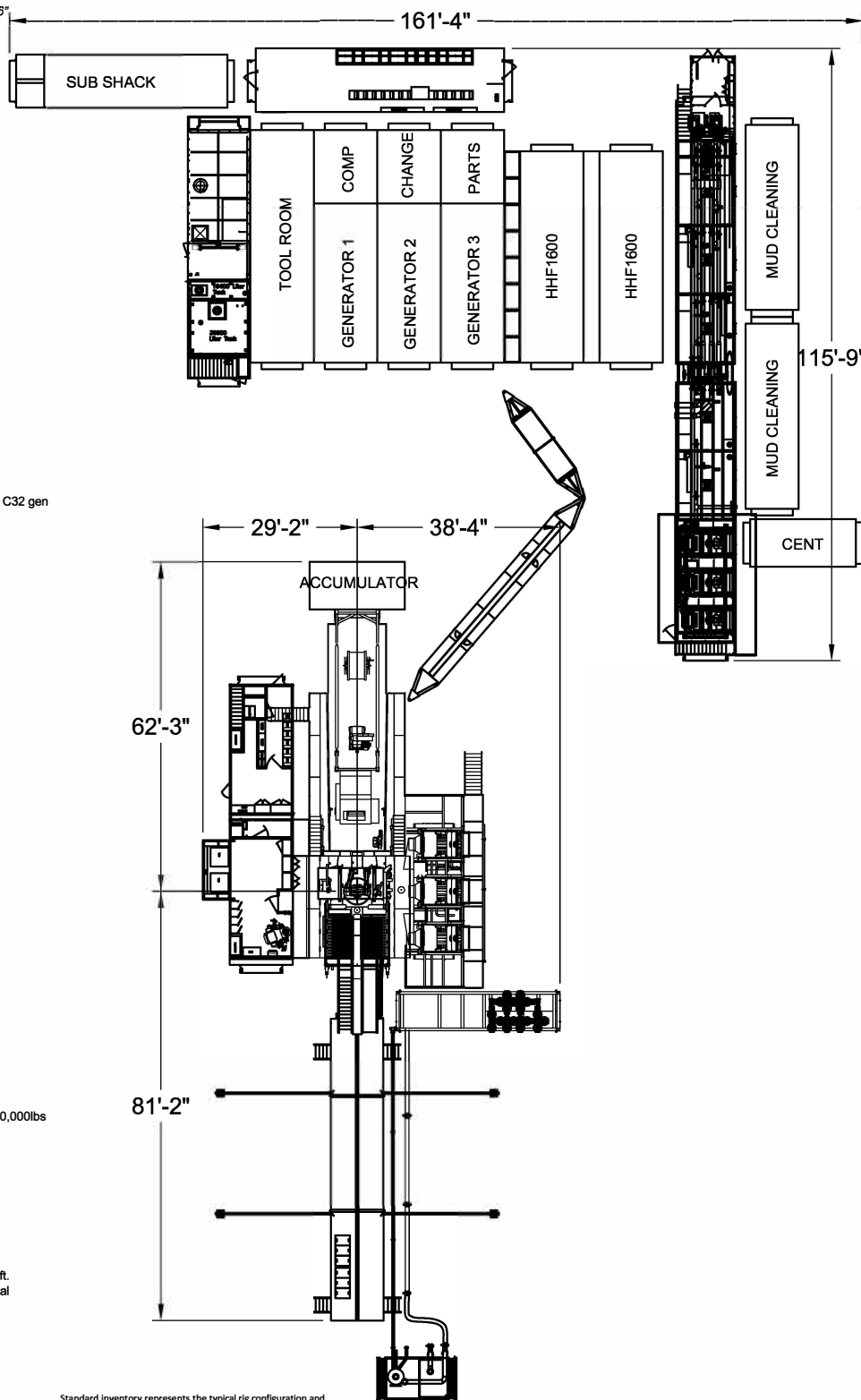
Walking beam hydraulic pony sub moving system for linear motion & side shift.

350' of Utility Suitcase style [50' lengths] connection for hydraulic and electrical supply.

## TOOL/ STORAGE/ CAMP

Parts Storage Room and Tool House Room

Rig Manage Trailer: 14' x 44' skid mounted



Standard inventory represents the typical rig configuration and inventory available, but specifications are subject to slight modifications from time to time due to customer requirements.

All ratings quoted herein are manufacturer specifications. AKITA's normal operating parameters are 90% of manufacturer mast ratings and 80% of mud pump manufacturer pressure rating. Operation of rig equipment beyond these parameters requires approval from AKITA field office management.

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**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 14607

**COMMENTS**

|                                                                     |                                    |                   |                  |                            |                             |
|---------------------------------------------------------------------|------------------------------------|-------------------|------------------|----------------------------|-----------------------------|
| Operator:<br>SPUR ENERGY PARTNERS LLC<br>Suite 500 Houston, TX77024 |                                    | 9655 Katy Freeway | OGRID:<br>328947 | Action Number:<br>14607    | Action Type:<br>FORM 3160-3 |
| Created By<br>kpickford                                             | Comment<br>KP GEO Review 3/25/2021 |                   |                  | Comment Date<br>03/25/2021 |                             |

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CONDITIONS

Action 14607

**CONDITIONS OF APPROVAL**

|           |                          |                   |        |        |                |       |              |             |
|-----------|--------------------------|-------------------|--------|--------|----------------|-------|--------------|-------------|
| Operator: | SPUR ENERGY PARTNERS LLC | 9655 Katy Freeway | OGRID: | 328947 | Action Number: | 14607 | Action Type: | FORM 3160-3 |
|           | Suite 500                | Houston, TX77024  |        |        |                |       |              |             |

|                 |                                                                                                                                                                                                                                                                      |
|-----------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| OCD<br>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                  |