Form 3160-3
(October 2024)

FORM APPROVED
OMB No. 1004-0220
Expires: October 31, 2027

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

5. Lease Serial No.: NMLC029419A

6. If Indian, Allotee or Tribe Name:

1a. Type of work: ☑ DRILL ☐ REENTER

1b. Type of Well: ☑ Oil Well ☐ Gas Well ☐ Other

1c. Type of Completion: ☐ Hydraulic Fracturing ☑ Single Zone ☐ Multiple Zone

7. If Unit or CA Agreement, Name and No.: NMNM071030X/SKELLY - EXPLORATOF

8. Lease Name and Well No.: SKELLY UNIT 3H

2. Name of Operator: VIRTUS ENERGY OPERATING LLC

9. API Well No.: 30-015-58205

3a. Address: 2595 DALLAS PARKWAY SUITE 310, FRISCO, TX 7503

3b. Phone No. *(include area code)*: (469) 998-8701

10. Field and Pool, or Exploratory: GRAYBURG JACKSON/SR-Q-G-SA

4. Location of Well *(Report location clearly and in accordance with any State requirements.*)*

At surface: NESE / 2124 FSL / 1787 FEL / LAT 32.818653 / LONG -103.866632

At proposed prod. zone: NESE / 1980 FSL / 100 FEL / LAT 32.818292 / LONG -103.849188

11. Sec., T. R. M. or Blk. and Survey or Area: SEC 21/T17S/R31E/1PM

14. Distance in miles and direction from nearest town or post office*: 6 miles

12. County or Parish: EDDY

13. State: NM

15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any): 178 feet

16. No of acres in lease: 640

17. Spacing Unit dedicated to this well: 160.0

18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft.: 25 feet

19. Proposed Depth: 4319 feet / 9851 feet

20. BLM/BIA Bond No. in file: FED: NMB106782534

21. Elevations (Show whether DF, KDB, RT, GL, etc.): 3817 feet

22. Approximate date work will start*: 06/15/2026

23. Estimated duration: 60 days

24. Attachments

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

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

25. Signature	Name *(Printed/Typed)*	Date
(Electronic Submission)	CORY WALK / Ph: (469) 998-8701	02/09/2026

Title: Permitting Agent

Approved by *(Signature)*	Name *(Printed/Typed)*	Date
(Electronic Submission)	CODY LAYTON / Ph: (575) 234-5959	04/15/2026

Title	Office
Assistant Field Manager Lands & Minerals	Carlsbad Field 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.

APPROVED WITH CONDITIONS

(Continued on page 2)

*(Instructions on page 2)

Approval Date: 04/15/2026

C-102	State of New Mexico Energy, Minerals & Natural Resources Department OIL CONSERVATION DIVISION	Revised July 9, 2024
Submit Electronically Via OCD Permitting		Submittal Type: ☒ Initial Submittal ☐ Amended Report ☐ As Drilled

WELL LOCATION INFORMATION

API Number	Pool Code	Pool Name
30-015-58205	28509	GRAYBURG JACKSON; SR-Q-G-SA

Property Code	Property Name	Well Number
339218	SKELLY UNIT	#3H

OGRID No.	Operator Name	Ground Level Elevation
333789	VIRTUS ENERGY OPERATING, LLC	3817'

Surface Owner: ☐ State ☐ Fee ☐ Tribal ☒ Federal | Mineral Owner: ☐ State ☐ Fee ☐ Tribal ☒ Federal

Surface Location

UL	Section	Township	Range	Lot	Ft. from N/S	Ft. from E/W	Latitude	Longitude	County
I	21	17 S	31 E		2124' FSL	178' FEL	32.818653°	-103.866632°	EDDY

Bottom Hole Location

UL	Section	Township	Range	Lot	Ft. from N/S	Ft. from E/W	Latitude	Longitude	County
I	22	17 S	31 E		1980' FSL	100' FEL	32.818292°	-103.849188°	EDDY

Dedicated Acres	Infill or Defining Well	Defining Well API	Overlapping Spacing Unit (Y/N)	Consolidation Code
160.00	Defining	30-015-xxxxx (3H)	N	U

Order Numbers. N/A | Well setbacks are under Common Ownership: ☒Yes ☐No

Kick Off Point (KOP)

UL	Section	Township	Range	Lot	Ft. from N/S	Ft. from E/W	Latitude	Longitude	County
I	21	17 S	31 E		2124' FSL	178' FEL	32.818653°	-103.866632°	EDDY

First Take Point (FTP)

UL	Section	Township	Range	Lot	Ft. from N/S	Ft. from E/W	Latitude	Longitude	County
L	22	17 S	31 E		1980' FSL	100' FWL	32.818258°	-103.865725°	EDDY

Last Take Point (LTP)

UL	Section	Township	Range	Lot	Ft. from N/S	Ft. from E/W	Latitude	Longitude	County
I	22	17 S	31 E		1980' FSL	100' FEL	32.818292°	-103.849188°	EDDY

Unitized Area or Area of Uniform Interest	Spacing Unit Type ☒ Horizontal ☐ Vertical	Ground Floor Elevation:
Skelly Unit (NMNM105446283)		3817'

OPERATOR CERTIFICATIONS

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and, if the well is a vertical or directional well, 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 a working interest or unleased mineral interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

If this well is a horizontal well, I further certify that this organization has received the consent of at least one lessee or owner of a working interest or unleased mineral interest in each tract (in the target pool or formation) in which any part of the well's completed interval will be located or obtained a compulsory pooling order from the division.

Cory Walk 02-04-2026

Signature Date

Cory Walk

Printed Name

cory@permitswest.com

Email Address

SURVEYOR CERTIFICATIONS

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.



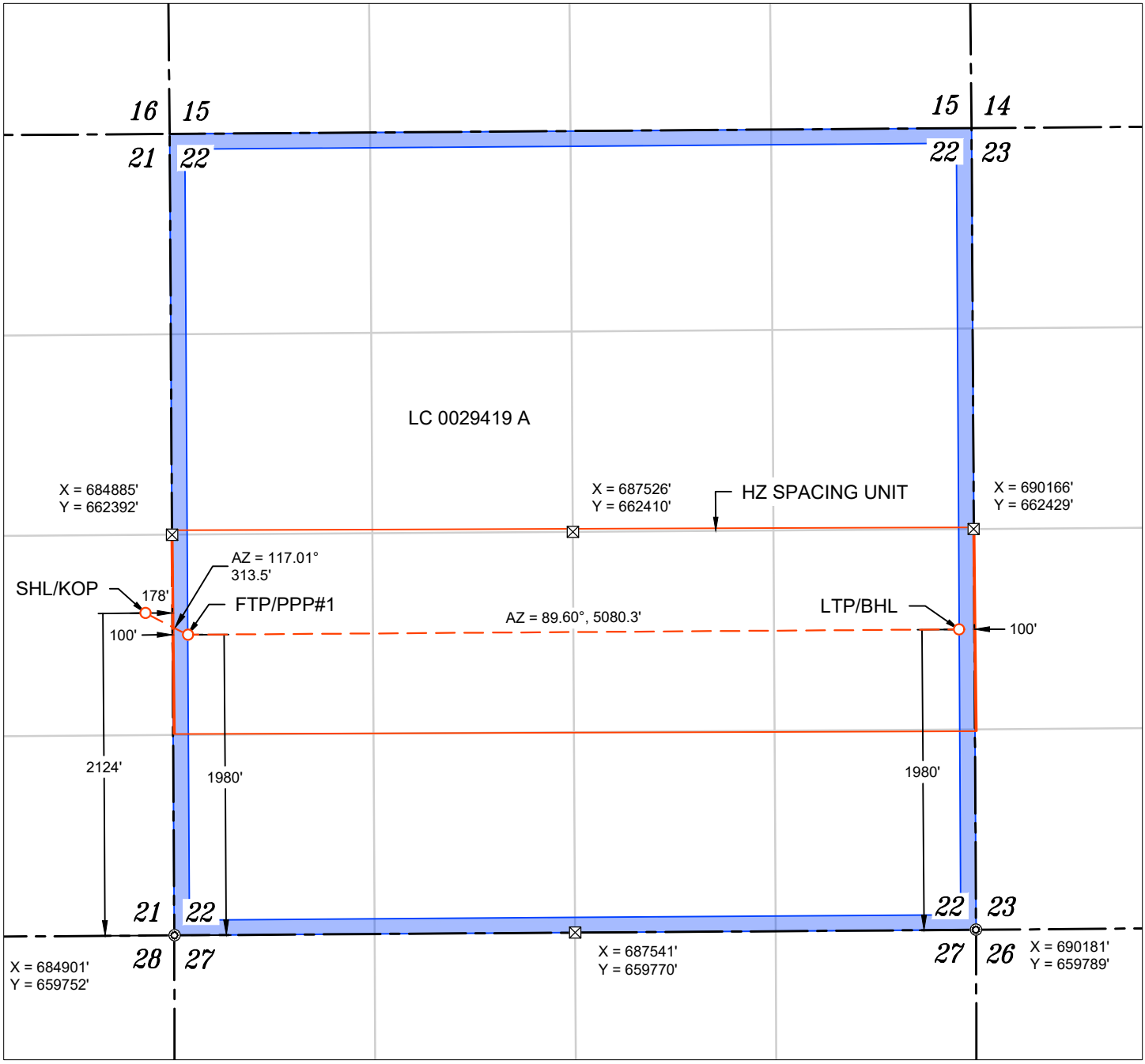
29 January 2026

Signature and Seal of Professional Surveyor

21209 JANUARY 2, 2026

Certificate Number Date of Survey

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



WELL NAME: SKELLY UNIT #3H
ELEVATION: 3817'

NAD 83 (SHL/KOP) 2124' FSL & 178' FEL
LATITUDE = 32.818653° LONGITUDE = -103.866632°
NAD 27 (SHL/KOP)
LATITUDE = 32.818538° LONGITUDE = -103.866122°
STATE PLANE NAD 83 (N.M. EAST)
N: 661874.98' E: 684709.92'
STATE PLANE NAD 27 (N.M. EAST)
N: 661812.20' E: 643532.28'

NAD 83 (FTP/PPP#1) 1980' FSL & 100' FWL
LATITUDE = 32.818258° LONGITUDE = -103.865725°
NAD 27 (FTP/PPP#1)
LATITUDE = 32.818143° LONGITUDE = -103.865215°
STATE PLANE NAD 83 (N.M. EAST)
N: 661732.57' E: 684989.23'
STATE PLANE NAD 27 (N.M. EAST)
N: 661669.80' E: 643811.59'

NAD 83 (LTP/BHL) 1980' FSL & 100' FEL
LATITUDE = 32.818292° LONGITUDE = -103.849188°
NAD 27 (LTP/BHL)
LATITUDE = 32.818177° LONGITUDE = -103.848679°
STATE PLANE NAD 83 (N.M. EAST)
N: 661767.85' E: 690069.42'
STATE PLANE NAD 27 (N.M. EAST)
N: 661705.09' E: 648891.80'

APPROXIMATE WELL BORE DISTANCE FROM FTP TO LTP	
LC 0029419 A	5080.32'
TOTAL	5080.32'

FOUND MONUMENT
CALC. CORNER
SHL/ KOP/ FTP / PPP/ LTP / BHL
WELLBORE
HORIZONTAL SPACING UNIT
STATE OIL & GAS LEASE
BLM OIL & GAS LEASE

0' 1000' 2000'
SCALE: 1" = 1000'

NOTES

1. ALL COORDINATES, BEARINGS, AND DISTANCES CONTAINED HEREIN ARE GRID, BASED UPON THE NEW MEXICO STATE PLANE COORDINATES SYSTEM, NORTH AMERICAN DATUM 83, NEW MEXICO EAST (3001).

2. THIS DOCUMENT IS BASED UPON AN ON THE GROUND SURVEY PERFORMED DURING JANUARY, 2026. CERTIFICATION OF THIS DOCUMENT IS ONLY TO THE LOCATION OF THIS INFORMATION IN RELATION TO RECORDED MONUMENT OF DEEDS PROVIDED BY THE CLIENT.

3. ELEVATIONS MSL, DERIVED FROM G.N.S.S. OBSERVATION AND DERIVED FROM SAID ON-THE-GROUND SURVEY.

State of New Mexico
Energy, Minerals and Natural Resources Department

Submit Electronically
Via E-permitting

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

NATURAL GAS MANAGEMENT PLAN

This Natural Gas Management Plan must be submitted with each Application for Permit to Drill (APD) for a new or recompleted well.

Section 1 – Plan Description
Effective May 25, 2021

I. Operator: Virtus Energy Operating, LLC **OGRID: 333789** **Date:** 01/15/2026

II. Type: ☒ Original ☐ Amendment due to ☐ 19.15.27.9.D(6)(a) NMAC ☐ 19.15.27.9.D(6)(b) NMAC ☐ Other.

If Other, please describe: _____

III. Well(s): Provide the following information for each new or recompleted well or set of wells proposed to be drilled or proposed to be recompleted from a single well pad or connected to a central delivery point.

Well Name	API	ULSTR	Footages	Anticipated Oil BBL/D	Anticipated Gas MCF/D	Anticipated Produced Water BBL/D
Skelly Unit 2H	30-015-	21-17S-31E	2099' FSL & 178'FEL	300	100	500
Skelly Unit 3H	30-015-	21-17S-31E	2124' FSL & 178'FEL	300	100	500

IV. Central Delivery Point Name: Skelly Battery [See 19.15.27.9(D)(1) NMAC]

V. Anticipated Schedule: Provide the following information for each new or recompleted well or set of wells proposed to be drilled or proposed to be recompleted from a single well pad or connected to a central delivery point.

Well Name	API	Spud Date	TD Reached Date	Completion Commencement Date	Initial Flow Back Date	First Production Date
Skelly Unit 2H	30-015-	06/15/2026	06/25/2026	07/02/2026	N/A	08/01/2026
Skelly Unit 3H	30-015-	07/01/2026	07/11/2026	07/18/2026	N/A	08/01/2026

VI. Separation Equipment: ☒ Attach a complete description of how Operator will size separation equipment to optimize gas capture.

VII. Operational Practices: ☒ Attach a complete description of the actions Operator will take to comply with the requirements of Subsection A through F of 19.15.27.8 NMAC.

VIII. Best Management Practices: ☒ Attach a complete description of Operator's best management practices to minimize venting during active and planned maintenance.

Section 2 – Enhanced Plan
EFFECTIVE APRIL 1, 2022

Beginning April 1, 2022, an operator that is not in compliance with its statewide natural gas capture requirement for the applicable reporting area must complete this section.

☒ Operator certifies that it is not required to complete this section because Operator is in compliance with its statewide natural gas capture requirement for the applicable reporting area.

IX. Anticipated Natural Gas Production:

Well	API	Anticipated Average Natural Gas Rate MCF/D	Anticipated Volume of Natural Gas for the First Year MCF

X. Natural Gas Gathering System (NGGS):

Operator	System	ULSTR of Tie-in	Anticipated Gathering Start Date	Available Maximum Daily Capacity of System Segment Tie-in

XI. Map. ☐ Attach an accurate and legible map depicting the location of the well(s), the anticipated pipeline route(s) connecting the production operations to the existing or planned interconnect of the natural gas gathering system(s), and the maximum daily capacity of the segment or portion of the natural gas gathering system(s) to which the well(s) will be connected.

XII. Line Capacity. The natural gas gathering system ☐ will ☐ will not have capacity to gather 100% of the anticipated natural gas production volume from the well prior to the date of first production.

XIII. Line Pressure. Operator ☐ does ☐ does not anticipate that its existing well(s) connected to the same segment, or portion, of the natural gas gathering system(s) described above will continue to meet anticipated increases in line pressure caused by the new well(s).

☐ Attach Operator's plan to manage production in response to the increased line pressure.

XIV. Confidentiality: ☐ Operator asserts confidentiality pursuant to Section 71-2-8 NMSA 1978 for the information provided in Section 2 as provided in Paragraph (2) of Subsection D of 19.15.27.9 NMAC, and attaches a full description of the specific information for which confidentiality is asserted and the basis for such assertion.

Section 3 - Certifications

Effective May 25, 2021

Operator certifies that, after reasonable inquiry and based on the available information at the time of submittal:

☒ Operator will be able to connect the well(s) to a natural gas gathering system in the general area with sufficient capacity to transport one hundred percent of the anticipated volume of natural gas produced from the well(s) commencing on the date of first production, taking into account the current and anticipated volumes of produced natural gas from other wells connected to the pipeline gathering system; or

☐ Operator will not be able to connect to a natural gas gathering system in the general area with sufficient capacity to transport one hundred percent of the anticipated volume of natural gas produced from the well(s) commencing on the date of first production, taking into account the current and anticipated volumes of produced natural gas from other wells connected to the pipeline gathering system. ***If Operator checks this box, Operator will select one of the following:***

Well Shut-In. ☐ Operator will shut-in and not produce the well until it submits the certification required by Paragraph (4) of Subsection D of 19.15.27.9 NMAC; or

Venting and Flaring Plan. ☐ Operator has attached a venting and flaring plan that evaluates and selects one or more of the potential alternative beneficial uses for the natural gas until a natural gas gathering system is available, including:

- **(a)** power generation on lease;
- **(b)** power generation for grid;
- **(c)** compression on lease;
- **(d)** liquids removal on lease;
- **(e)** reinjection for underground storage;
- **(f)** reinjection for temporary storage;
- **(g)** reinjection for enhanced oil recovery;
- **(h)** fuel cell production; and
- **(i)** other alternative beneficial uses approved by the division.

Section 4 - Notices

1. If, at any time after Operator submits this Natural Gas Management Plan and before the well is spud:

(a) Operator becomes aware that the natural gas gathering system it planned to connect the well(s) to has become unavailable or will not have capacity to transport one hundred percent of the production from the well(s), no later than 20 days after becoming aware of such information, Operator shall submit for OCD's approval a new or revised venting and flaring plan containing the information specified in Paragraph (5) of Subsection D of 19.15.27.9 NMAC; or

(b) Operator becomes aware that it has, cumulatively for the year, become out of compliance with its baseline natural gas capture rate or natural gas capture requirement, no later than 20 days after becoming aware of such information, Operator shall submit for OCD's approval a new or revised Natural Gas Management Plan for each well it plans to spud during the next 90 days containing the information specified in Paragraph (2) of Subsection D of 19.15.27.9 NMAC, and shall file an update for each Natural Gas Management Plan until Operator is back in compliance with its baseline natural gas capture rate or natural gas capture requirement.

2. OCD may deny or conditionally approve an APD if Operator does not make a certification, fails to submit an adequate venting and flaring plan which includes alternative beneficial uses for the anticipated volume of natural gas produced, or if OCD determines that Operator will not have adequate natural gas takeaway capacity at the time a well will be spud.

I certify that, after reasonable inquiry, the statements in and attached to this Natural Gas Management Plan are true and correct to the best of my knowledge and acknowledge that a false statement may be subject to civil and criminal penalties under the Oil and Gas Act.

Signature:
Printed Name: Scott Stedman
Title: Executive Vice President - Development
E-mail Address: scott.stedman@virtus-ep.com
Date: 01/28/2026
Phone: 469-998-8701

OIL CONSERVATION DIVISION **(Only applicable when submitted as a standalone form)**
Approved By:
Title:
Approval Date:
Conditions of Approval:

VIRTUS ENERGY PARTNERS

Natural Gas Management Plan – Attachment

VI. Separation equipment will be sized by construction engineering staff based on anticipated daily production to ensure adequate capacity.

VII. Virtus Energy Partners LLC ("Virtus") will take the following actions to comply with the regulations listed in 19.15.27.8: Virtus will maximize the recovery of natural gas by minimizing waste, as defined by 19.15.2 NMAC, of natural gas through venting and flaring. Virtus will ensure that our wells will be connected to a natural gas gathering system with sufficient capacity to transport natural gas. Immediately following completion operations, wells will flow to permanent separation equipment. Produced natural gas from separation equipment will be sent to sales. If natural gas does not meet gathering pipeline specifications, Virtus will be required to flare and will submit an updated form C-129 to the division, including a natural gas management plan and timeline for meeting pipeline specifications of the natural gas gathering system. Virtus will ensure flare is properly sized and is equipped with an automatic igniter or continuous pilot. Gas samples will be taken twice per week and natural gas will be routed into a gathering system as soon as the pipeline specifications are met. Natural gas will not be flared with the exception of 19.15.27.8(D)(1-4). If there is no adequate takeaway for the separator gas, wells will be shut-in until that natural gas gathering system is available with exception of emergency or malfunction situations. Volumes will be reported appropriately. Virtus will comply with performance standards pursuant to 19.15.27.8(E)(1-8). All equipment will be designed and sized to handle maximum pressures to minimize waste. Storage tanks constructed after May 25, 2021 will be equipped with an automatic gauging system that reduces venting of natural gas. Flare stacks installed or replaced after May 25, 2021 will be equipped with an automatic ignitor or continuous pilot. Virtus will conduct AVO inspections as described in 19.15.27.8(E)(5)(a) with frequencies specified in 19.15.27.8(E)(5)(b) and (c). All emergencies or malfunctions will be resolved as quickly and safely as possible to minimize waste. The volume of natural gas that is vented, flared or beneficially used during production operations, will be measured and reported accordingly. Virtus will install equipment to measure the volume of natural gas flared from existing piping or a flowline piped from equipment such as high-pressure separators, heater treaters, or VRUs associated with a well or facility associated with a well authorized by an APD after May 25, 2021 that has an average daily production of less than 60,000 cubic feet of natural gas. If metering is not practicable due to circumstances such as low flow rate or low-pressure venting or flaring, Virtus will estimate the volume of flared or vented natural gas. Measuring equipment will conform to industry standards and will not be equipped with a manifold that allows the diversion of natural gas around the metering element except for the sole purpose of inspecting and servicing equipment.

VIII. For maintenance activities involving production equipment and compression, venting be limited to the depressurization of the subject equipment to ensure safe working conditions. For maintenance of production equipment, the associated producing wells will be shut-in to eliminate venting. For maintenance of VRUs, all-natural gas normally routed to the VRU will be routed to flare.

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

Drilling Plan Data Report
04/15/2026

APD ID: 10400110136
Submission Date: 02/09/2026
Operator Name: VIRTUS ENERGY OPERATING LLC
Well Name: SKELLY UNIT
Well Number: 3H
Well Type: OIL WELL
Well Work Type: Drill

Highlighted data reflects the most recent changes

Show Final Text

Section 1 - Geologic Formations

Formation ID	Formation Name	Elevation	True Vertical	Measured Depth	Lithologies	Mineral Resources	Producing Formatio
17872942	QUATERNARY	3817	0	0	OTHER : None	NONE	N
17872943	RUSTLER	3427	390	390	ANHYDRITE, DOLOMITE, SHALE	OTHER : Brackish Water	N
17872944	SALADO	3195	622	623	ANHYDRITE	NONE	N
17872945	TANSILL	2215	1602	1638	DOLOMITE, SANDSTONE	NONE	N
17872946	YATES	2113	1704	1745	DOLOMITE, LIMESTONE, SHALE, SILTSTONE	NATURAL GAS, OIL	N
17872947	SEVEN RIVERS	1778	2039	2098	ANHYDRITE, DOLOMITE, SANDSTONE	NATURAL GAS, OIL	N
17872948	QUEEN	1168	2649	2730	ANHYDRITE, DOLOMITE, SANDSTONE	NATURAL GAS, OIL	N
17872949	GRAYBURG	825	2992	3075	ANHYDRITE	NATURAL GAS, OIL	N
17872950	SAN ANDRES	366	3451	3536	ANHYDRITE, DOLOMITE	NATURAL GAS, OIL	Y

Section 2 - Blowout Prevention

Pressure Rating (PSI): 3M
Rating Depth: 5000

Equipment: A 3M pressure control system will be used. The BOP stack consists of 2 rams with 1 pipe ram and 1 blind ram as well as 1 annular preventer which will be used below surface casing to TD. See attachments for BOP and choke manifold diagrams. Also present will be an accumulator that meets the requirements of 43 CFR 3172 for the pressure rating of the BOP stack. A rotating head will also be installed as needed. BOP will be inspected and operated as recommended in 43 CFR 3172. A top drive check valve and sub equipped with a full opening valve sized to fit the drill pipe and collars will be available on the rig floor in the open position.

Requesting Variance? YES

Variance request: Virtus Energy Operating, LLC requests a variance to drill this well using a co-flex line between the BOP and choke manifold. Certification for proposed co-flex hose is attached. The hose is not required by the manufacturer to be anchored. In the event the specific hose is not available, one of equal or higher rating will be used.

Testing Procedure: After surface casing is set and the BOP is nippled up, the BOP pressure tests will be made with a third party tester to 250 psi low, 3000 psi high, and the annular preventer will be tested to 250

Operator Name: VIRTUS ENERGY OPERATING LLC

Well Name: SKELLY UNIT **Well Number:** 3H

psi low, 2500 psi high.

Choke Diagram Attachment:

BOP_Choke_Diagram_20260209135734.pdf

BOP Diagram Attachment:

BOP_Choke_Diagram_20260209135743.pdf

Section 3 - Casing

Casing ID	String Type	Hole Size	Csg Size	Condition	Standard	Tapered String	Top Set MD	Bottom Set MD	Top Set TVD	Bottom Set TVD	Top Set MSL	Bottom Set MSL	Calculated casing length MD	Grade	Weight	Joint Type	Collapse SF	Burst SF	Joint SF Type	Joint SF	Body SF Type	Body SF
1	SURFACE	17.5	13.375	NEW	API	N	0	450	0	450	3817	3367	450	J-55	54.5	ST&C	1.13	1.15	DRY	1.6	DRY	1.6
2	INTERMEDIATE	12.25	9.625	NEW	API	N	0	3000	0	2901	3818	916	3000	J-55	36	LT&C	1.13	1.15	DRY	1.6	DRY	1.6
3	PRODUCTION	8.5	5.5	NEW	API	N	0	9851	0	4319	3818	-502	9851	L-80	20	BUTT	1.13	1.15	DRY	1.6	DRY	1.6

Casing Attachments

Casing ID: 1 **String** SURFACE

Inspection Document:

Spec Document:

Tapered String Spec:

Casing Design Assumptions and Worksheet(s):

Casing_Design_Assumptions_20260209135822.pdf

Operator Name: VIRTUS ENERGY OPERATING LLC

Well Name: SKELLY UNIT **Well Number:** 3H

Casing Attachments

Casing ID: 2 **String** INTERMEDIATE

Inspection Document:

Spec Document:

Tapered String Spec:

Casing Design Assumptions and Worksheet(s):

Casing_Design_Assumptions_20260209135844.pdf

Casing ID: 3 **String** PRODUCTION

Inspection Document:

Spec Document:

Tapered String Spec:

Casing Design Assumptions and Worksheet(s):

Casing_Design_Assumptions_20260209135910.pdf

Section 4 - Cement

String Type	Lead/Tail	Stage Tool Depth	Top MD	Bottom MD	Quantity(sx)	Yield	Density	Cu Ft	Excess%	Cement type	Additives
SURFACE	Lead		0	0	0	0	0	0	0	None	None
SURFACE	Tail		0	450	492	1.35	14.8	664	100	Class C	2% CaCl + Antifoam
INTERMEDIATE	Lead		0	2618	752	2.03	12.5	1527	100	Class C	FWC + Antifoam + salt + LCM
INTERMEDIATE	Tail		2618	3000	200	1.33	14.8	266	100	Class C	Antistatic + Retarder + Antifoam
PRODUCTION	Lead		0	4150	595	2.38	11.9	1416	100	Class C	FWC + Retarder + Antifoam + Defoamer + salt

Operator Name: VIRTUS ENERGY OPERATING LLC

Well Name: SKELLY UNIT **Well Number:** 3H

String Type	Lead/Tail	Stage Tool Depth	Top MD	Bottom MD	Quantity(sx)	Yield	Density	Cu Ft	Excess%	Cement type	Additives
PRODUCTION	Tail		4150	9851	1440	1.26	14.2	1544	50	Class C	FWC + Fluid Loss Control + Antifoam + Retarder

Section 5 - Circulating Medium

Mud System Type: Closed

Will an air or gas system be Used? NO

Description of the equipment for the circulating system in accordance with 43 CFR 3172:

Diagram of the equipment for the circulating system in accordance with 43 CFR 3172:

Describe what will be on location to control well or mitigate other conditions: All necessary mud products (i.e., barite, pac) for weight addition and fluid loss control will always be on site. Mud program is subject to change due to hole conditions.

Describe the mud monitoring system utilized: Electronic Pason mud monitor system complying with 43 CFR 3172 will be used.

Circulating Medium Table

Top Depth	Bottom Depth	Mud Type	Min Weight (lbs/gal)	Max Weight (lbs/gal)	Density (lbs/cu ft)	Gel Strength (lbs/100 sqft)	PH	Viscosity (CP)	Salinity (ppm)	Filtration (cc)	Additional Characteristics
0	450	SPUD MUD	8.4	8.9							
450	3000	OTHER : Brine Water	10	10.2							
3000	9851	OTHER : Brine Water	10	10.2							

Operator Name: VIRTUS ENERGY OPERATING LLC

Well Name: SKELLY UNIT **Well Number:** 3H

Section 6 - Test, Logging, Coring

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

Electric Logging Program: No open-hole logs are planned at this time. GR will be collected while drilling through the MWD tools from KOP to TD. CBL w/ CCL from as far as gravity will let it fall to TOC.

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

GAMMA RAY LOG,CEMENT BOND LOG,

Coring operation description for the well:

No DSTs or cores are planned at this time

Section 7 - Pressure

Anticipated Bottom Hole Pressure: 2100 **Anticipated Surface Pressure:** 1149

Anticipated Bottom Hole Temperature(F): 110

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

Describe:

Contingency Plans geoharzards description:

Contingency Plans geohazards

Hydrogen Sulfide drilling operations plan required? YES

Hydrogen sulfide drilling operations

Skelly_H2S_Plan_20260209140041.pdf

Section 8 - Other Information

Proposed horizontal/directional/multi-lateral plan submission:

Skelly_3H_Directional_Plan_20260209140053.pdf

Other proposed operations facets description:

Other proposed operations facets attachment:

CoFlex_Certification_20260209140134.pdf
Skelly_WMP_20260209140153.pdf
Wellhead_Diagram_3string_20260209140301.pdf
Skelly_3H_Drill_Plan_20260209140107.pdf
Skelly_3H_Anticollision_Report_20260209140116.pdf

Other Variance request(s)?: Y

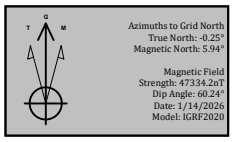
Other Variance attachment:

Skelly_Unit_Spudder_Rig_Variance_20260209140322.pdf

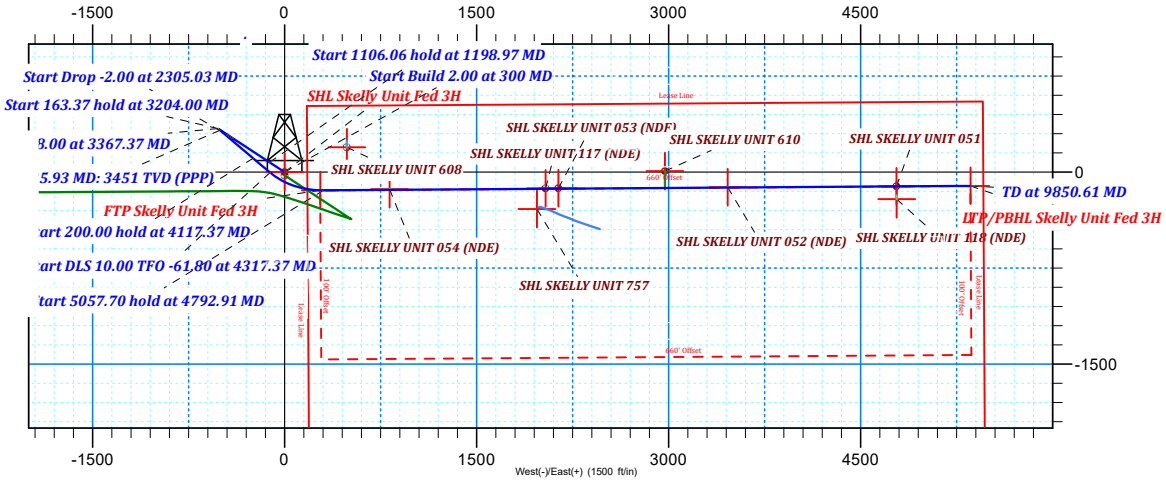
Virtus Energy Partners

DrilTech, LLC

Virtus Energy Partners
Site: Eddy County, NM (NAD 27)
Well: Skelly Unit Fed 3H
Wellbore: Wellbore #1
Plan: Plan #1



SURFACE LOCATION			
US State Plane 1927 (Exact solution) New Mexico East 3001 Elevation: GL 3817' + KB 32' @ 3849.00ft			
Northing	Easting	Latittude	Longitude
661812.20	643532.28	32° 49' 6.735 N	103° 51' 58.040 W

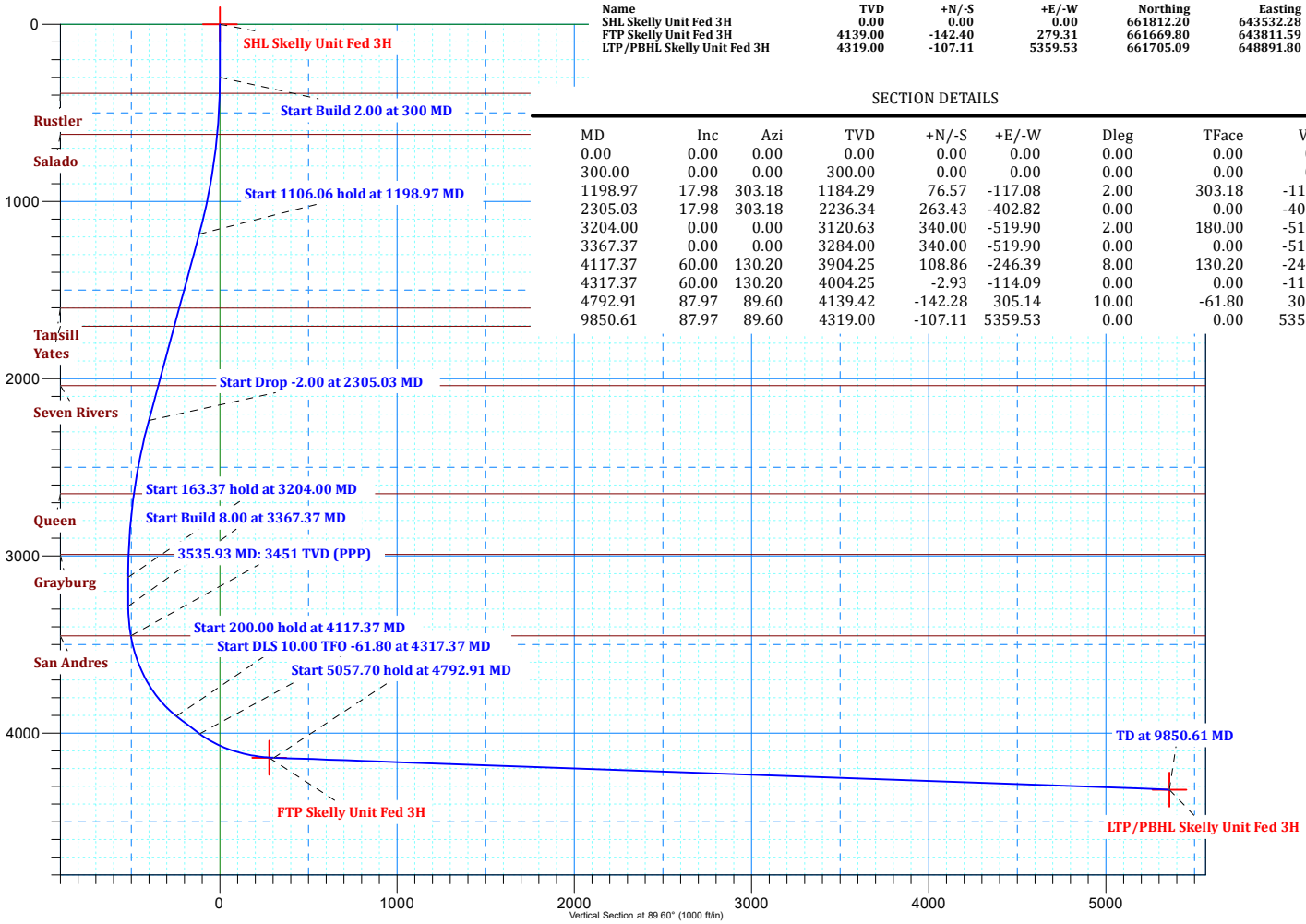


WELLBORE TARGET DETAILS (MAP CO-ORDINATES)

Name	TVD	+N/-S	+E/-W	Northing	Easting
SHL Skelly Unit Fed 3H	0.00	0.00	0.00	661812.20	643532.28
FTP Skelly Unit Fed 3H	4139.00	-142.40	279.31	661669.80	643811.59
LTP/PBHL Skelly Unit Fed 3H	4319.00	-107.11	5359.53	661705.09	648891.80

SECTION DETAILS

MD	Inc	Azi	TVD	+N/-S	+E/-W	Dleg	TFace	VSect
0.00	0.00	0.00	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
1198.97	17.98	303.18	1184.29	76.57	-117.08	2.00	303.18	-116.54
2305.03	17.98	303.18	2236.34	263.43	-402.82	0.00	0.00	-400.97
3204.00	0.00	0.00	3120.63	340.00	-519.90	2.00	180.00	-517.51
3367.37	0.00	0.00	3284.00	340.00	-519.90	0.00	0.00	-517.51
4117.37	60.00	130.20	3904.25	108.86	-246.39	8.00	130.20	-245.62
4317.37	60.00	130.20	4004.25	-2.93	-114.09	0.00	0.00	-114.11
4792.91	87.97	89.60	4139.42	-142.28	305.14	10.00	-61.80	304.14
9850.61	87.97	89.60	4319.00	-107.11	5359.53	0.00	0.00	5358.65



Virtus Energy Partners

Eddy County, NM (NAD 27)
Skelly Unit Fed 3H
Skelly Unit Fed 3H

Wellbore #1

Plan: Plan #1

Standard Planning Report

14 January, 2026

Planning Report

Database:	edmdb	**Local Co-ordinate Reference:**	Well Skelly Unit Fed 3H
Company:	Virtus Energy Partners	**TVD Reference:**	GL 3817' + KB 32' @ 3849.00ft
Project:	Eddy County, NM (NAD 27)	**MD Reference:**	GL 3817' + KB 32' @ 3849.00ft
Site:	Skelly Unit Fed 3H	**North Reference:**	Grid
Well:	Skelly Unit Fed 3H	**Survey Calculation Method:**	Minimum Curvature
Wellbore:	Wellbore #1		
Design:	Plan #1		

Project Eddy County, NM (NAD 27)

Map System:	US State Plane 1927 (Exact solution)	**System Datum:**	Mean Sea Level
Geo Datum:	NAD 1927 (NADCON CONUS)		
Map Zone:	New Mexico East 3001		

Site Skelly Unit Fed 3H

Site Position:		**Northing:**	661,812.20 usft	**Latitude:**	32° 49' 6.735 N
From:	Map	**Easting:**	643,532.28 usft	**Longitude:**	103° 51' 58.040 W
Position Uncertainty:	0.00 ft	**Slot Radius:**	13.200 in		

Well Skelly Unit Fed 3H

Well Position	**+N/-S**	0.00 ft	**Northing:**	661,812.20 usft	**Latitude:**	32° 49' 6.735 N
	+E/-W	0.00 ft	**Easting:**	643,532.28 usft	**Longitude:**	103° 51' 58.040 W
Position Uncertainty		0.00 ft	**Wellhead Elevation:**	ft	**Ground Level:**	3,817.00 ft
Grid Convergence:		0.25 °				

Wellbore Wellbore #1

Magnetics	Model Name	Sample Date	Declination (°)	Dip Angle (°)	Field Strength (nT)
	IGRF2020	1/14/2026	6.19	60.24	47,334.19084276

Design Plan #1

Audit Notes:

Version:		**Phase:**	PLAN	**Tie On Depth:**	0.00

Vertical Section:	Depth From (TVD) (ft)	+N/-S (ft)	+E/-W (ft)	Direction (°)
	0.00	0.00	0.00	89.60

Plan Survey Tool Program **Date** 1/14/2026

	Depth From (ft)	Depth To (ft)	Survey (Wellbore)	Tool Name	Remarks
1	0.00	9,850.61	Plan #1 (Wellbore #1)	MWD	
				MWD - Standard	

Planning Report

Database:	edmdb	**Local Co-ordinate Reference:**	Well Skelly Unit Fed 3H
Company:	Virtus Energy Partners	**TVD Reference:**	GL 3817' + KB 32' @ 3849.00ft
Project:	Eddy County, NM (NAD 27)	**MD Reference:**	GL 3817' + KB 32' @ 3849.00ft
Site:	Skelly Unit Fed 3H	**North Reference:**	Grid
Well:	Skelly Unit Fed 3H	**Survey Calculation Method:**	Minimum Curvature
Wellbore:	Wellbore #1		
Design:	Plan #1		

Plan Sections

Measured Depth (ft)	Inclination (°)	Azimuth (°)	Vertical Depth (ft)	+N/-S (ft)	+E/-W (ft)	Dogleg Rate (°/100ft)	Build Rate (°/100ft)	Turn Rate (°/100ft)	TFO (°)	Target
0.00	0.00	0.00	0.00	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	
1,198.97	17.98	303.18	1,184.29	76.57	-117.08	2.00	2.00	0.00	303.18	
2,305.03	17.98	303.18	2,236.34	263.43	-402.82	0.00	0.00	0.00	0.00	
3,204.00	0.00	0.00	3,120.63	340.00	-519.90	2.00	-2.00	0.00	180.00	
3,367.37	0.00	0.00	3,284.00	340.00	-519.90	0.00	0.00	0.00	0.00	
4,117.37	60.00	130.20	3,904.25	108.86	-246.39	8.00	8.00	0.00	130.20	
4,317.37	60.00	130.20	4,004.25	-2.93	-114.09	0.00	0.00	0.00	0.00	
4,792.91	87.97	89.60	4,139.42	-142.28	305.14	10.00	5.88	-8.54	-61.80	
9,850.61	87.97	89.60	4,319.00	-107.11	5,359.53	0.00	0.00	0.00	0.00	LTP/PBHL Skelly Unit

Planning Report

Database:	edmdb	**Local Co-ordinate Reference:**	Well Skelly Unit Fed 3H
Company:	Virtus Energy Partners	**TVD Reference:**	GL 3817' + KB 32' @ 3849.00ft
Project:	Eddy County, NM (NAD 27)	**MD Reference:**	GL 3817' + KB 32' @ 3849.00ft
Site:	Skelly Unit Fed 3H	**North Reference:**	Grid
Well:	Skelly Unit Fed 3H	**Survey Calculation Method:**	Minimum Curvature
Wellbore:	Wellbore #1		
Design:	Plan #1		

Planned Survey

Measured Depth (ft)	Inclination (°)	Azimuth (°)	Vertical Depth (ft)	+N/-S (ft)	+E/-W (ft)	Vertical Section (ft)	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
Start Build 2.00 at 300 MD									
390.01	1.80	303.18	390.00	0.77	-1.18	-1.18	2.00	2.00	0.00
Rustler									
400.00	2.00	303.18	399.98	0.96	-1.46	-1.45	2.00	2.00	0.00
500.00	4.00	303.18	499.84	3.82	-5.84	-5.81	2.00	2.00	0.00
600.00	6.00	303.18	599.45	8.59	-13.13	-13.07	2.00	2.00	0.00
622.68	6.45	303.18	622.00	9.94	-15.19	-15.12	2.00	2.00	0.00
Salado									
700.00	8.00	303.18	698.70	15.26	-23.33	-23.23	2.00	2.00	0.00
800.00	10.00	303.18	797.47	23.82	-36.42	-36.26	2.00	2.00	0.00
900.00	12.00	303.18	895.62	34.26	-52.39	-52.15	2.00	2.00	0.00
1,000.00	14.00	303.18	993.06	46.58	-71.22	-70.89	2.00	2.00	0.00
1,100.00	16.00	303.18	1,089.64	60.74	-92.88	-92.45	2.00	2.00	0.00
1,198.97	17.98	303.18	1,184.29	76.57	-117.08	-116.54	2.00	2.00	0.00
Start 1106.06 hold at 1198.97 MD									
1,200.00	17.98	303.18	1,185.27	76.74	-117.35	-116.81	0.00	0.00	0.00
1,300.00	17.98	303.18	1,280.39	93.64	-143.18	-142.52	0.00	0.00	0.00
1,400.00	17.98	303.18	1,375.50	110.53	-169.01	-168.24	0.00	0.00	0.00
1,500.00	17.98	303.18	1,470.62	127.43	-194.85	-193.95	0.00	0.00	0.00
1,600.00	17.98	303.18	1,565.74	144.32	-220.68	-219.67	0.00	0.00	0.00
1,638.13	17.98	303.18	1,602.00	150.76	-230.53	-229.47	0.00	0.00	0.00
Tansill									
1,700.00	17.98	303.18	1,660.85	161.21	-246.52	-245.38	0.00	0.00	0.00
1,745.36	17.98	303.18	1,704.00	168.88	-258.23	-257.05	0.00	0.00	0.00
Yates									
1,800.00	17.98	303.18	1,755.97	178.11	-272.35	-271.10	0.00	0.00	0.00
1,900.00	17.98	303.18	1,851.09	195.00	-298.18	-296.81	0.00	0.00	0.00
2,000.00	17.98	303.18	1,946.20	211.90	-324.02	-322.53	0.00	0.00	0.00
2,097.56	17.98	303.18	2,039.00	228.38	-349.22	-347.62	0.00	0.00	0.00
Seven Rivers									
2,100.00	17.98	303.18	2,041.32	228.79	-349.85	-348.25	0.00	0.00	0.00
2,200.00	17.98	303.18	2,136.44	245.69	-375.68	-373.96	0.00	0.00	0.00
2,305.03	17.98	303.18	2,236.34	263.43	-402.82	-400.97	0.00	0.00	0.00
Start Drop -2.00 at 2305.03 MD									
2,400.00	16.08	303.18	2,327.14	278.65	-426.09	-424.14	2.00	-2.00	0.00
2,500.00	14.08	303.18	2,423.69	292.89	-447.87	-445.81	2.00	-2.00	0.00
2,600.00	12.08	303.18	2,521.09	305.28	-466.81	-464.66	2.00	-2.00	0.00
2,700.00	10.08	303.18	2,619.22	315.80	-482.89	-480.67	2.00	-2.00	0.00
2,730.22	9.48	303.18	2,649.00	318.61	-487.19	-484.95	2.00	-2.00	0.00
Queen									
2,800.00	8.08	303.18	2,717.96	324.43	-496.10	-493.82	2.00	-2.00	0.00
2,900.00	6.08	303.18	2,817.20	331.18	-506.41	-504.09	2.00	-2.00	0.00
3,000.00	4.08	303.18	2,916.80	336.03	-513.82	-511.47	2.00	-2.00	0.00
3,075.33	2.57	303.18	2,992.00	338.42	-517.48	-515.11	2.00	-2.00	0.00
Grayburg									
3,100.00	2.08	303.18	3,016.65	338.97	-518.32	-515.94	2.00	-2.00	0.00
3,204.00	0.00	0.00	3,120.63	340.00	-519.90	-517.51	2.00	-2.00	0.00
Start 163.37 hold at 3204.00 MD									
3,300.00	0.00	0.00	3,216.63	340.00	-519.90	-517.51	0.00	0.00	0.00

Planning Report

Database:	edmdb	**Local Co-ordinate Reference:**	Well Skelly Unit Fed 3H
Company:	Virtus Energy Partners	**TVD Reference:**	GL 3817' + KB 32' @ 3849.00ft
Project:	Eddy County, NM (NAD 27)	**MD Reference:**	GL 3817' + KB 32' @ 3849.00ft
Site:	Skelly Unit Fed 3H	**North Reference:**	Grid
Well:	Skelly Unit Fed 3H	**Survey Calculation Method:**	Minimum Curvature
Wellbore:	Wellbore #1		
Design:	Plan #1		

Planned Survey

Measured Depth (ft)	Inclination (°)	Azimuth (°)	Vertical Depth (ft)	+N/-S (ft)	+E/-W (ft)	Vertical Section (ft)	Dogleg Rate (°/100ft)	Build Rate (°/100ft)	Turn Rate (°/100ft)
3,367.37	0.00	0.00	3,284.00	340.00	-519.90	-517.51	0.00	0.00	0.00
Start Build 8.00 at 3367.37 MD									
3,400.00	2.61	130.20	3,316.61	339.52	-519.33	-516.95	8.00	8.00	0.00
3,450.00	6.61	130.20	3,366.44	336.93	-516.26	-513.90	8.00	8.00	0.00
3,500.00	10.61	130.20	3,415.87	332.10	-510.55	-508.22	8.00	8.00	0.00
3,535.93	13.48	130.20	3,451.00	327.26	-504.82	-502.52	8.00	8.00	0.00
3535.93 MD: 3451 TVD (PPP) - San Andres									
3,550.00	14.61	130.20	3,464.65	325.05	-502.21	-499.93	8.00	8.00	0.00
3,600.00	18.61	130.20	3,512.56	315.83	-491.30	-489.08	8.00	8.00	0.00
3,650.00	22.61	130.20	3,559.35	304.47	-477.86	-475.72	8.00	8.00	0.00
3,700.00	26.61	130.20	3,604.80	291.03	-461.96	-459.91	8.00	8.00	0.00
3,750.00	30.61	130.20	3,648.68	275.58	-443.67	-441.74	8.00	8.00	0.00
3,800.00	34.61	130.20	3,690.79	258.19	-423.10	-421.28	8.00	8.00	0.00
3,850.00	38.61	130.20	3,730.92	238.95	-400.33	-398.65	8.00	8.00	0.00
3,900.00	42.61	130.20	3,768.87	217.95	-375.47	-373.94	8.00	8.00	0.00
3,950.00	46.61	130.20	3,804.46	195.29	-348.66	-347.29	8.00	8.00	0.00
4,000.00	50.61	130.20	3,837.51	171.08	-320.01	-318.81	8.00	8.00	0.00
4,050.00	54.61	130.20	3,867.86	145.45	-289.68	-288.65	8.00	8.00	0.00
4,100.00	58.61	130.20	3,895.38	118.51	-257.80	-256.96	8.00	8.00	0.00
4,117.37	60.00	130.20	3,904.25	108.86	-246.39	-245.62	8.00	8.00	0.00
Start 200.00 hold at 4117.37 MD									
4,200.00	60.00	130.20	3,945.56	62.68	-191.73	-191.29	0.00	0.00	0.00
4,300.00	60.00	130.20	3,995.56	6.78	-125.59	-125.53	0.00	0.00	0.00
4,317.37	60.00	130.20	4,004.25	-2.93	-114.09	-114.11	0.00	0.00	0.00
Start DLS 10.00 TFO -61.80 at 4317.37 MD									
4,350.00	61.58	126.93	4,020.17	-20.68	-91.83	-91.97	10.00	4.85	-10.02
4,400.00	64.15	122.11	4,042.98	-45.86	-55.17	-55.49	10.00	5.14	-9.64
4,450.00	66.87	117.50	4,063.71	-68.45	-15.70	-16.17	10.00	5.44	-9.22
4,500.00	69.72	113.08	4,082.21	-88.27	26.30	25.68	10.00	5.70	-8.85
4,550.00	72.68	108.82	4,098.33	-105.17	70.49	69.75	10.00	5.91	-8.52
4,600.00	75.72	104.69	4,111.95	-119.02	116.55	115.71	10.00	6.09	-8.25
4,650.00	78.83	100.68	4,122.96	-129.72	164.11	163.20	10.00	6.23	-8.02
4,700.00	82.00	96.75	4,131.29	-137.18	212.83	211.87	10.00	6.33	-7.85
4,750.00	85.20	92.89	4,136.86	-141.35	262.33	261.33	10.00	6.40	-7.73
4,792.91	87.97	89.60	4,139.42	-142.28	305.14	304.14	10.00	6.44	-7.66
Start 5057.70 hold at 4792.91 MD									
4,800.00	87.97	89.60	4,139.67	-142.23	312.23	311.23	0.00	0.00	0.00
4,900.00	87.97	89.60	4,143.22	-141.54	412.16	411.16	0.00	0.00	0.00
5,000.00	87.97	89.60	4,146.77	-140.84	512.10	511.10	0.00	0.00	0.00
5,100.00	87.97	89.60	4,150.33	-140.15	612.03	611.04	0.00	0.00	0.00
5,200.00	87.97	89.60	4,153.88	-139.45	711.96	710.97	0.00	0.00	0.00
5,300.00	87.97	89.60	4,157.43	-138.76	811.90	810.91	0.00	0.00	0.00
5,400.00	87.97	89.60	4,160.98	-138.06	911.83	910.85	0.00	0.00	0.00
5,500.00	87.97	89.60	4,164.53	-137.36	1,011.77	1,010.78	0.00	0.00	0.00
5,600.00	87.97	89.60	4,168.08	-136.67	1,111.70	1,110.72	0.00	0.00	0.00
5,700.00	87.97	89.60	4,171.63	-135.97	1,211.64	1,210.66	0.00	0.00	0.00
5,800.00	87.97	89.60	4,175.18	-135.28	1,311.57	1,310.60	0.00	0.00	0.00
5,900.00	87.97	89.60	4,178.73	-134.58	1,411.51	1,410.53	0.00	0.00	0.00
6,000.00	87.97	89.60	4,182.28	-133.89	1,511.44	1,510.47	0.00	0.00	0.00
6,100.00	87.97	89.60	4,185.83	-133.19	1,611.38	1,610.41	0.00	0.00	0.00
6,200.00	87.97	89.60	4,189.38	-132.50	1,711.31	1,710.34	0.00	0.00	0.00
6,300.00	87.97	89.60	4,192.93	-131.80	1,811.24	1,810.28	0.00	0.00	0.00
6,400.00	87.97	89.60	4,196.48	-131.11	1,911.18	1,910.22	0.00	0.00	0.00

Planning Report

Database:	edmdb	**Local Co-ordinate Reference:**	Well Skelly Unit Fed 3H
Company:	Virtus Energy Partners	**TVD Reference:**	GL 3817' + KB 32' @ 3849.00ft
Project:	Eddy County, NM (NAD 27)	**MD Reference:**	GL 3817' + KB 32' @ 3849.00ft
Site:	Skelly Unit Fed 3H	**North Reference:**	Grid
Well:	Skelly Unit Fed 3H	**Survey Calculation Method:**	Minimum Curvature
Wellbore:	Wellbore #1		
Design:	Plan #1		

Planned Survey

Measured Depth (ft)	Inclination (°)	Azimuth (°)	Vertical Depth (ft)	+N/-S (ft)	+E/-W (ft)	Vertical Section (ft)	Dogleg Rate (°/100ft)	Build Rate (°/100ft)	Turn Rate (°/100ft)
6,500.00	87.97	89.60	4,200.03	-130.41	2,011.11	2,010.15	0.00	0.00	0.00
6,600.00	87.97	89.60	4,203.58	-129.71	2,111.05	2,110.09	0.00	0.00	0.00
6,700.00	87.97	89.60	4,207.13	-129.02	2,210.98	2,210.03	0.00	0.00	0.00
6,800.00	87.97	89.60	4,210.69	-128.32	2,310.92	2,309.97	0.00	0.00	0.00
6,900.00	87.97	89.60	4,214.24	-127.63	2,410.85	2,409.90	0.00	0.00	0.00
7,000.00	87.97	89.60	4,217.79	-126.93	2,510.79	2,509.84	0.00	0.00	0.00
7,100.00	87.97	89.60	4,221.34	-126.24	2,610.72	2,609.78	0.00	0.00	0.00
7,200.00	87.97	89.60	4,224.89	-125.54	2,710.66	2,709.71	0.00	0.00	0.00
7,300.00	87.97	89.60	4,228.44	-124.85	2,810.59	2,809.65	0.00	0.00	0.00
7,400.00	87.97	89.60	4,231.99	-124.15	2,910.52	2,909.59	0.00	0.00	0.00
7,500.00	87.97	89.60	4,235.54	-123.46	3,010.46	3,009.52	0.00	0.00	0.00
7,600.00	87.97	89.60	4,239.09	-122.76	3,110.39	3,109.46	0.00	0.00	0.00
7,700.00	87.97	89.60	4,242.64	-122.07	3,210.33	3,209.40	0.00	0.00	0.00
7,800.00	87.97	89.60	4,246.19	-121.37	3,310.26	3,309.33	0.00	0.00	0.00
7,900.00	87.97	89.60	4,249.74	-120.67	3,410.20	3,409.27	0.00	0.00	0.00
8,000.00	87.97	89.60	4,253.29	-119.98	3,510.13	3,509.21	0.00	0.00	0.00
8,100.00	87.97	89.60	4,256.84	-119.28	3,610.07	3,609.15	0.00	0.00	0.00
8,200.00	87.97	89.60	4,260.39	-118.59	3,710.00	3,709.08	0.00	0.00	0.00
8,300.00	87.97	89.60	4,263.94	-117.89	3,809.94	3,809.02	0.00	0.00	0.00
8,400.00	87.97	89.60	4,267.49	-117.20	3,909.87	3,908.96	0.00	0.00	0.00
8,500.00	87.97	89.60	4,271.05	-116.50	4,009.80	4,008.89	0.00	0.00	0.00
8,600.00	87.97	89.60	4,274.60	-115.81	4,109.74	4,108.83	0.00	0.00	0.00
8,700.00	87.97	89.60	4,278.15	-115.11	4,209.67	4,208.77	0.00	0.00	0.00
8,800.00	87.97	89.60	4,281.70	-114.42	4,309.61	4,308.70	0.00	0.00	0.00
8,900.00	87.97	89.60	4,285.25	-113.72	4,409.54	4,408.64	0.00	0.00	0.00
9,000.00	87.97	89.60	4,288.80	-113.03	4,509.48	4,508.58	0.00	0.00	0.00
9,100.00	87.97	89.60	4,292.35	-112.33	4,609.41	4,608.52	0.00	0.00	0.00
9,200.00	87.97	89.60	4,295.90	-111.63	4,709.35	4,708.45	0.00	0.00	0.00
9,300.00	87.97	89.60	4,299.45	-110.94	4,809.28	4,808.39	0.00	0.00	0.00
9,400.00	87.97	89.60	4,303.00	-110.24	4,909.22	4,908.33	0.00	0.00	0.00
9,500.00	87.97	89.60	4,306.55	-109.55	5,009.15	5,008.26	0.00	0.00	0.00
9,600.00	87.97	89.60	4,310.10	-108.85	5,109.08	5,108.20	0.00	0.00	0.00
9,700.00	87.97	89.60	4,313.65	-108.16	5,209.02	5,208.14	0.00	0.00	0.00
9,800.00	87.97	89.60	4,317.20	-107.46	5,308.95	5,308.07	0.00	0.00	0.00
9,850.61	87.97	89.60	4,319.00	-107.11	5,359.53	5,358.65	0.00	0.00	0.00
TD at 9850.61 MD									

Design Targets

Target Name - hit/miss target - Shape	Dip Angle (°)	Dip Dir. (°)	TVD (ft)	+N/-S (ft)	+E/-W (ft)	Northing (usft)	Easting (usft)	Latitude	Longitude
SHL Skelly Unit Fed 3H - plan hits target center - Point	0.00	0.00	0.00	0.00	0.00	661,812.20	643,532.28	32° 49' 6.735 N	103° 51' 58.040 W
FTP Skelly Unit Fed 3H - plan misses target center by 0.95ft at 4767.10ft MD (4138.13 TVD, -142.02 N, 279.37 E) - Point	0.00	0.00	4,139.00	-142.40	279.31	661,669.80	643,811.59	32° 49' 5.314 N	103° 51' 54.774 W
LTP/PBHL Skelly Unit Fe - plan hits target center - Point	0.00	0.00	4,319.00	-107.11	5,359.53	661,705.09	648,891.80	32° 49' 5.436 N	103° 50' 55.243 W

Planning Report

Database:	edmdb	**Local Co-ordinate Reference:**	Well Skelly Unit Fed 3H
Company:	Virtus Energy Partners	**TVD Reference:**	GL 3817' + KB 32' @ 3849.00ft
Project:	Eddy County, NM (NAD 27)	**MD Reference:**	GL 3817' + KB 32' @ 3849.00ft
Site:	Skelly Unit Fed 3H	**North Reference:**	Grid
Well:	Skelly Unit Fed 3H	**Survey Calculation Method:**	Minimum Curvature
Wellbore:	Wellbore #1		
Design:	Plan #1		

Formations

Measured Depth (ft)	Vertical Depth (ft)	Name	Lithology	Dip (°)	Dip Direction (°)
390.01	390.00	Rustler			
622.68	622.00	Salado			
1,638.13	1,602.00	Tansill			
1,745.36	1,704.00	Yates			
2,097.56	2,039.00	Seven Rivers			
2,730.22	2,649.00	Queen			
3,075.33	2,992.00	Grayburg			
3,535.93	3,451.00	San Andres			

Plan Annotations

Measured Depth (ft)	Vertical Depth (ft)	Local Coordinates +N/-S (ft)	Local Coordinates +E/-W (ft)	Comment
300.00	300.00	0.00	0.00	Start Build 2.00 at 300 MD
1,198.97	1,184.29	76.57	-117.08	Start 1106.06 hold at 1198.97 MD
2,305.03	2,236.34	263.43	-402.82	Start Drop -2.00 at 2305.03 MD
3,204.00	3,120.63	340.00	-519.90	Start 163.37 hold at 3204.00 MD
3,367.37	3,284.00	340.00	-519.90	Start Build 8.00 at 3367.37 MD
3,535.93	3,451.00	327.26	-504.82	3535.93 MD: 3451 TVD (PPP)
4,117.37	3,904.25	108.86	-246.39	Start 200.00 hold at 4117.37 MD
4,317.37	4,004.25	-2.93	-114.09	Start DLS 10.00 TFO -61.80 at 4317.37 MD
4,792.91	4,139.42	-142.28	305.14	Start 5057.70 hold at 4792.91 MD
9,850.61	4,319.00	-107.11	5,359.53	TD at 9850.61 MD

Virtus Energy Partners

Eddy County, NM (NAD 27)
Skelly Unit Fed 3H
Skelly Unit Fed 3H

Wellbore #1

Plan: Plan #1

Standard Planning Report - Geographic

14 January, 2026

Planning Report - Geographic

Database:	edmdb	**Local Co-ordinate Reference:**	Well Skelly Unit Fed 3H
Company:	Virtus Energy Partners	**TVD Reference:**	GL 3817' + KB 32' @ 3849.00ft
Project:	Eddy County, NM (NAD 27)	**MD Reference:**	GL 3817' + KB 32' @ 3849.00ft
Site:	Skelly Unit Fed 3H	**North Reference:**	Grid
Well:	Skelly Unit Fed 3H	**Survey Calculation Method:**	Minimum Curvature
Wellbore:	Wellbore #1		
Design:	Plan #1		

Project Eddy County, NM (NAD 27)

Map System:	US State Plane 1927 (Exact solution)	**System Datum:**	Mean Sea Level
Geo Datum:	NAD 1927 (NADCON CONUS)		
Map Zone:	New Mexico East 3001		

Site Skelly Unit Fed 3H

Site Position:		**Northing:**	661,812.20 usft	**Latitude:**	32° 49' 6.735 N
From:	Map	**Easting:**	643,532.28 usft	**Longitude:**	103° 51' 58.040 W
Position Uncertainty:	0.00 ft	**Slot Radius:**	13.200 in		

Well Skelly Unit Fed 3H

Well Position	**+N/-S**	0.00 ft	**Northing:**	661,812.20 usft	**Latitude:**	32° 49' 6.735 N
	+E/-W	0.00 ft	**Easting:**	643,532.28 usft	**Longitude:**	103° 51' 58.040 W
Position Uncertainty		0.00 ft	**Wellhead Elevation:**	ft	**Ground Level:**	3,817.00 ft
Grid Convergence:		0.25 °				

Wellbore Wellbore #1

Magnetics	Model Name	Sample Date	Declination (°)	Dip Angle (°)	Field Strength (nT)
	IGRF2020	1/14/2026	6.19	60.24	47,334.19084276

Design Plan #1

Audit Notes:

Version:		**Phase:**	PLAN	**Tie On Depth:**	0.00

Vertical Section:	Depth From (TVD) (ft)	+N/-S (ft)	+E/-W (ft)	Direction (°)
	0.00	0.00	0.00	89.60

Plan Survey Tool Program **Date** 1/14/2026

	Depth From (ft)	Depth To (ft)	Survey (Wellbore)	Tool Name	Remarks
1	0.00	9,850.61	Plan #1 (Wellbore #1)	MWD MWD - Standard	

Planning Report - Geographic

Database:	edmdb	**Local Co-ordinate Reference:**	Well Skelly Unit Fed 3H
Company:	Virtus Energy Partners	**TVD Reference:**	GL 3817' + KB 32' @ 3849.00ft
Project:	Eddy County, NM (NAD 27)	**MD Reference:**	GL 3817' + KB 32' @ 3849.00ft
Site:	Skelly Unit Fed 3H	**North Reference:**	Grid
Well:	Skelly Unit Fed 3H	**Survey Calculation Method:**	Minimum Curvature
Wellbore:	Wellbore #1		
Design:	Plan #1		

Plan Sections

Measured Depth (ft)	Inclination (°)	Azimuth (°)	Vertical Depth (ft)	+N/-S (ft)	+E/-W (ft)	Dogleg Rate (°/100ft)	Build Rate (°/100ft)	Turn Rate (°/100ft)	TFO (°)	Target
0.00	0.00	0.00	0.00	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	
1,198.97	17.98	303.18	1,184.29	76.57	-117.08	2.00	2.00	0.00	303.18	
2,305.03	17.98	303.18	2,236.34	263.43	-402.82	0.00	0.00	0.00	0.00	
3,204.00	0.00	0.00	3,120.63	340.00	-519.90	2.00	-2.00	0.00	180.00	
3,367.37	0.00	0.00	3,284.00	340.00	-519.90	0.00	0.00	0.00	0.00	
4,117.37	60.00	130.20	3,904.25	108.86	-246.39	8.00	8.00	0.00	130.20	
4,317.37	60.00	130.20	4,004.25	-2.93	-114.09	0.00	0.00	0.00	0.00	
4,792.91	87.97	89.60	4,139.42	-142.28	305.14	10.00	5.88	-8.54	-61.80	
9,850.61	87.97	89.60	4,319.00	-107.11	5,359.53	0.00	0.00	0.00	0.00	LTP/PBHL Skelly Unit

Planning Report - Geographic

Database:	edmdb	**Local Co-ordinate Reference:**	Well Skelly Unit Fed 3H
Company:	Virtus Energy Partners	**TVD Reference:**	GL 3817' + KB 32' @ 3849.00ft
Project:	Eddy County, NM (NAD 27)	**MD Reference:**	GL 3817' + KB 32' @ 3849.00ft
Site:	Skelly Unit Fed 3H	**North Reference:**	Grid
Well:	Skelly Unit Fed 3H	**Survey Calculation Method:**	Minimum Curvature
Wellbore:	Wellbore #1		
Design:	Plan #1		

Planned Survey

Measured Depth (ft)	Inclination (°)	Azimuth (°)	Vertical Depth (ft)	+N/-S (ft)	+E/-W (ft)	Map Northing (usft)	Map Easting (usft)	Latitude	Longitude
0.00	0.00	0.00	0.00	0.00	0.00	661,812.20	643,532.28	32° 49' 6.735 N	103° 51' 58.040 W
100.00	0.00	0.00	100.00	0.00	0.00	661,812.20	643,532.28	32° 49' 6.735 N	103° 51' 58.040 W
200.00	0.00	0.00	200.00	0.00	0.00	661,812.20	643,532.28	32° 49' 6.735 N	103° 51' 58.040 W
300.00	0.00	0.00	300.00	0.00	0.00	661,812.20	643,532.28	32° 49' 6.735 N	103° 51' 58.040 W
Start Build 2.00 at 300 MD									
390.01	1.80	303.18	390.00	0.77	-1.18	661,812.98	643,531.10	32° 49' 6.743 N	103° 51' 58.054 W
Rustler									
400.00	2.00	303.18	399.98	0.96	-1.46	661,813.16	643,530.82	32° 49' 6.745 N	103° 51' 58.057 W
500.00	4.00	303.18	499.84	3.82	-5.84	661,816.02	643,526.44	32° 49' 6.773 N	103° 51' 58.108 W
600.00	6.00	303.18	599.45	8.59	-13.13	661,820.79	643,519.15	32° 49' 6.821 N	103° 51' 58.193 W
622.68	6.45	303.18	622.00	9.94	-15.19	661,822.14	643,517.09	32° 49' 6.834 N	103° 51' 58.217 W
Salado									
700.00	8.00	303.18	698.70	15.26	-23.33	661,827.46	643,508.95	32° 49' 6.887 N	103° 51' 58.312 W
800.00	10.00	303.18	797.47	23.82	-36.42	661,836.03	643,495.86	32° 49' 6.972 N	103° 51' 58.465 W
900.00	12.00	303.18	895.62	34.26	-52.39	661,846.47	643,479.89	32° 49' 7.076 N	103° 51' 58.652 W
1,000.00	14.00	303.18	993.06	46.58	-71.22	661,858.78	643,461.07	32° 49' 7.199 N	103° 51' 58.872 W
1,100.00	16.00	303.18	1,089.64	60.74	-92.88	661,872.94	643,439.41	32° 49' 7.340 N	103° 51' 59.125 W
1,198.97	17.98	303.18	1,184.29	76.57	-117.08	661,888.77	643,415.20	32° 49' 7.498 N	103° 51' 59.408 W
Start 1106.06 hold at 1198.97 MD									
1,200.00	17.98	303.18	1,185.27	76.74	-117.35	661,888.95	643,414.94	32° 49' 7.500 N	103° 51' 59.411 W
1,300.00	17.98	303.18	1,280.39	93.64	-143.18	661,905.84	643,389.10	32° 49' 7.668 N	103° 51' 59.713 W
1,400.00	17.98	303.18	1,375.50	110.53	-169.01	661,922.74	643,363.27	32° 49' 7.836 N	103° 52' 0.014 W
1,500.00	17.98	303.18	1,470.62	127.43	-194.85	661,939.63	643,337.44	32° 49' 8.004 N	103° 52' 0.316 W
1,600.00	17.98	303.18	1,565.74	144.32	-220.68	661,956.52	643,311.60	32° 49' 8.173 N	103° 52' 0.618 W
1,638.13	17.98	303.18	1,602.00	150.76	-230.53	661,962.97	643,301.75	32° 49' 8.237 N	103° 52' 0.733 W
Tansill									
1,700.00	17.98	303.18	1,660.85	161.21	-246.52	661,973.42	643,285.77	32° 49' 8.341 N	103° 52' 0.920 W
1,745.36	17.98	303.18	1,704.00	168.88	-258.23	661,981.08	643,274.05	32° 49' 8.417 N	103° 52' 1.057 W
Yates									
1,800.00	17.98	303.18	1,755.97	178.11	-272.35	661,990.31	643,259.94	32° 49' 8.509 N	103° 52' 1.222 W
1,900.00	17.98	303.18	1,851.09	195.00	-298.18	662,007.21	643,234.10	32° 49' 8.678 N	103° 52' 1.524 W
2,000.00	17.98	303.18	1,946.20	211.90	-324.02	662,024.10	643,208.27	32° 49' 8.846 N	103° 52' 1.826 W
2,097.56	17.98	303.18	2,039.00	228.38	-349.22	662,040.59	643,183.06	32° 49' 9.010 N	103° 52' 2.120 W
Seven Rivers									
2,100.00	17.98	303.18	2,041.32	228.79	-349.85	662,041.00	643,182.43	32° 49' 9.014 N	103° 52' 2.127 W
2,200.00	17.98	303.18	2,136.44	245.69	-375.68	662,057.89	643,156.60	32° 49' 9.183 N	103° 52' 2.429 W
2,305.03	17.98	303.18	2,236.34	263.43	-402.82	662,075.64	643,129.47	32° 49' 9.359 N	103° 52' 2.746 W
Start Drop -2.00 at 2305.03 MD									
2,400.00	16.08	303.18	2,327.14	278.65	-426.09	662,090.86	643,106.19	32° 49' 9.511 N	103° 52' 3.018 W
2,500.00	14.08	303.18	2,423.69	292.89	-447.87	662,105.10	643,084.42	32° 49' 9.653 N	103° 52' 3.273 W
2,600.00	12.08	303.18	2,521.09	305.28	-466.81	662,117.48	643,065.48	32° 49' 9.776 N	103° 52' 3.494 W
2,700.00	10.08	303.18	2,619.22	315.80	-482.89	662,128.00	643,049.39	32° 49' 9.881 N	103° 52' 3.682 W
2,730.22	9.48	303.18	2,649.00	318.61	-487.19	662,130.81	643,045.10	32° 49' 9.909 N	103° 52' 3.732 W
Queen									
2,800.00	8.08	303.18	2,717.96	324.43	-496.10	662,136.64	643,036.19	32° 49' 9.967 N	103° 52' 3.836 W
2,900.00	6.08	303.18	2,817.20	331.18	-506.41	662,143.38	643,025.87	32° 49' 10.034 N	103° 52' 3.957 W
3,000.00	4.08	303.18	2,916.80	336.03	-513.82	662,148.23	643,018.46	32° 49' 10.082 N	103° 52' 4.043 W
3,075.33	2.57	303.18	2,992.00	338.42	-517.48	662,150.62	643,014.80	32° 49' 10.106 N	103° 52' 4.086 W
Grayburg									
3,100.00	2.08	303.18	3,016.65	338.97	-518.32	662,151.17	643,013.97	32° 49' 10.112 N	103° 52' 4.096 W
3,204.00	0.00	0.00	3,120.63	340.00	-519.90	662,152.20	643,012.39	32° 49' 10.122 N	103° 52' 4.114 W
Start 163.37 hold at 3204.00 MD									
3,300.00	0.00	0.00	3,216.63	340.00	-519.90	662,152.20	643,012.39	32° 49' 10.122 N	103° 52' 4.114 W

Planning Report - Geographic

Database:	edmdb	**Local Co-ordinate Reference:**	Well Skelly Unit Fed 3H
Company:	Virtus Energy Partners	**TVD Reference:**	GL 3817' + KB 32' @ 3849.00ft
Project:	Eddy County, NM (NAD 27)	**MD Reference:**	GL 3817' + KB 32' @ 3849.00ft
Site:	Skelly Unit Fed 3H	**North Reference:**	Grid
Well:	Skelly Unit Fed 3H	**Survey Calculation Method:**	Minimum Curvature
Wellbore:	Wellbore #1		
Design:	Plan #1		

Planned Survey

Measured Depth (ft)	Inclination (°)	Azimuth (°)	Vertical Depth (ft)	+N/-S (ft)	+E/-W (ft)	Map Northing (usft)	Map Easting (usft)	Latitude	Longitude
3,367.37	0.00	0.00	3,284.00	340.00	-519.90	662,152.20	643,012.39	32° 49' 10.122 N	103° 52' 4.114 W
Start Build 8.00 at 3367.37 MD									
3,400.00	2.61	130.20	3,316.61	339.52	-519.33	662,151.72	643,012.95	32° 49' 10.117 N	103° 52' 4.108 W
3,450.00	6.61	130.20	3,366.44	336.93	-516.26	662,149.13	643,016.02	32° 49' 10.091 N	103° 52' 4.072 W
3,500.00	10.61	130.20	3,415.87	332.10	-510.55	662,144.30	643,021.74	32° 49' 10.043 N	103° 52' 4.005 W
3,535.93	13.48	130.20	3,451.00	327.26	-504.82	662,139.46	643,027.46	32° 49' 9.995 N	103° 52' 3.938 W
3535.93 MD: 3451 TVD (PPP) - San Andres									
3,550.00	14.61	130.20	3,464.65	325.05	-502.21	662,137.26	643,030.07	32° 49' 9.973 N	103° 52' 3.908 W
3,600.00	18.61	130.20	3,512.56	315.83	-491.30	662,128.03	643,040.99	32° 49' 9.882 N	103° 52' 3.780 W
3,650.00	22.61	130.20	3,559.35	304.47	-477.86	662,116.68	643,054.43	32° 49' 9.769 N	103° 52' 3.623 W
3,700.00	26.61	130.20	3,604.80	291.03	-461.96	662,103.24	643,070.33	32° 49' 9.635 N	103° 52' 3.438 W
3,750.00	30.61	130.20	3,648.68	275.58	-443.67	662,087.79	643,088.61	32° 49' 9.481 N	103° 52' 3.224 W
3,800.00	34.61	130.20	3,690.79	258.19	-423.10	662,070.40	643,109.19	32° 49' 9.308 N	103° 52' 2.984 W
3,850.00	38.61	130.20	3,730.92	238.95	-400.33	662,051.16	643,131.96	32° 49' 9.117 N	103° 52' 2.718 W
3,900.00	42.61	130.20	3,768.87	217.95	-375.47	662,030.15	643,156.81	32° 49' 8.908 N	103° 52' 2.428 W
3,950.00	46.61	130.20	3,804.46	195.29	-348.66	662,007.49	643,183.63	32° 49' 8.683 N	103° 52' 2.115 W
4,000.00	50.61	130.20	3,837.51	171.08	-320.01	661,983.29	643,212.27	32° 49' 8.442 N	103° 52' 1.781 W
4,050.00	54.61	130.20	3,867.86	145.45	-289.68	661,957.65	643,242.61	32° 49' 8.187 N	103° 52' 1.427 W
4,100.00	58.61	130.20	3,895.38	118.51	-257.80	661,930.71	643,274.49	32° 49' 7.919 N	103° 52' 1.054 W
4,117.37	60.00	130.20	3,904.25	108.86	-246.39	661,921.07	643,285.90	32° 49' 7.823 N	103° 52' 0.921 W
Start 200.00 hold at 4117.37 MD									
4,200.00	60.00	130.20	3,945.56	62.68	-191.73	661,874.88	643,340.55	32° 49' 7.364 N	103° 52' 0.283 W
4,300.00	60.00	130.20	3,995.56	6.78	-125.59	661,818.98	643,406.70	32° 49' 6.808 N	103° 51' 59.511 W
4,317.37	60.00	130.20	4,004.25	-2.93	-114.09	661,809.27	643,418.19	32° 49' 6.711 N	103° 51' 59.377 W
Start DLS 10.00 TFO -61.80 at 4317.37 MD									
4,350.00	61.58	126.93	4,020.17	-20.68	-91.83	661,791.53	643,440.46	32° 49' 6.534 N	103° 51' 59.117 W
4,400.00	64.15	122.11	4,042.98	-45.86	-55.17	661,766.34	643,477.11	32° 49' 6.284 N	103° 51' 58.689 W
4,450.00	66.87	117.50	4,063.71	-68.45	-15.70	661,743.75	643,516.59	32° 49' 6.058 N	103° 51' 58.227 W
4,500.00	69.72	113.08	4,082.21	-88.27	26.30	661,723.93	643,558.58	32° 49' 5.860 N	103° 51' 57.736 W
4,550.00	72.68	108.82	4,098.33	-105.17	70.49	661,707.03	643,602.77	32° 49' 5.691 N	103° 51' 57.219 W
4,600.00	75.72	104.69	4,111.95	-119.02	116.55	661,693.18	643,648.83	32° 49' 5.552 N	103° 51' 56.680 W
4,650.00	78.83	100.68	4,122.96	-129.72	164.11	661,682.48	643,696.40	32° 49' 5.444 N	103° 51' 56.123 W
4,700.00	82.00	96.75	4,131.29	-137.18	212.83	661,675.02	643,745.11	32° 49' 5.368 N	103° 51' 55.553 W
4,750.00	85.20	92.89	4,136.86	-141.35	262.33	661,670.85	643,794.61	32° 49' 5.325 N	103° 51' 54.973 W
4,792.91	87.97	89.60	4,139.42	-142.28	305.14	661,669.92	643,837.43	32° 49' 5.314 N	103° 51' 54.471 W
Start 5057.70 hold at 4792.91 MD									
4,800.00	87.97	89.60	4,139.67	-142.23	312.23	661,669.97	643,844.51	32° 49' 5.314 N	103° 51' 54.388 W
4,900.00	87.97	89.60	4,143.22	-141.54	412.16	661,670.67	643,944.44	32° 49' 5.316 N	103° 51' 53.217 W
5,000.00	87.97	89.60	4,146.77	-140.84	512.10	661,671.36	644,044.38	32° 49' 5.319 N	103° 51' 52.046 W
5,100.00	87.97	89.60	4,150.33	-140.15	612.03	661,672.06	644,144.31	32° 49' 5.321 N	103° 51' 50.875 W
5,200.00	87.97	89.60	4,153.88	-139.45	711.96	661,672.75	644,244.25	32° 49' 5.324 N	103° 51' 49.704 W
5,300.00	87.97	89.60	4,157.43	-138.76	811.90	661,673.45	644,344.18	32° 49' 5.326 N	103° 51' 48.533 W
5,400.00	87.97	89.60	4,160.98	-138.06	911.83	661,674.15	644,444.12	32° 49' 5.329 N	103° 51' 47.362 W
5,500.00	87.97	89.60	4,164.53	-137.36	1,011.77	661,674.84	644,544.05	32° 49' 5.331 N	103° 51' 46.191 W
5,600.00	87.97	89.60	4,168.08	-136.67	1,111.70	661,675.54	644,643.99	32° 49' 5.334 N	103° 51' 45.020 W
5,700.00	87.97	89.60	4,171.63	-135.97	1,211.64	661,676.23	644,743.92	32° 49' 5.336 N	103° 51' 43.849 W
5,800.00	87.97	89.60	4,175.18	-135.28	1,311.57	661,676.93	644,843.85	32° 49' 5.339 N	103° 51' 42.678 W
5,900.00	87.97	89.60	4,178.73	-134.58	1,411.51	661,677.62	644,943.79	32° 49' 5.341 N	103° 51' 41.507 W
6,000.00	87.97	89.60	4,182.28	-133.89	1,511.44	661,678.32	645,043.72	32° 49' 5.344 N	103° 51' 40.336 W
6,100.00	87.97	89.60	4,185.83	-133.19	1,611.38	661,679.01	645,143.66	32° 49' 5.346 N	103° 51' 39.165 W
6,200.00	87.97	89.60	4,189.38	-132.50	1,711.31	661,679.71	645,243.59	32° 49' 5.349 N	103° 51' 37.994 W
6,300.00	87.97	89.60	4,192.93	-131.80	1,811.24	661,680.40	645,343.53	32° 49' 5.351 N	103° 51' 36.822 W
6,400.00	87.97	89.60	4,196.48	-131.11	1,911.18	661,681.10	645,443.46	32° 49' 5.354 N	103° 51' 35.651 W
6,500.00	87.97	89.60	4,200.03	-130.41	2,011.11	661,681.79	645,543.39	32° 49' 5.356 N	103° 51' 34.480 W

Planning Report - Geographic

Database:	edmdb	**Local Co-ordinate Reference:**	Well Skelly Unit Fed 3H
Company:	Virtus Energy Partners	**TVD Reference:**	GL 3817' + KB 32' @ 3849.00ft
Project:	Eddy County, NM (NAD 27)	**MD Reference:**	GL 3817' + KB 32' @ 3849.00ft
Site:	Skelly Unit Fed 3H	**North Reference:**	Grid
Well:	Skelly Unit Fed 3H	**Survey Calculation Method:**	Minimum Curvature
Wellbore:	Wellbore #1		
Design:	Plan #1		

Planned Survey

Measured Depth (ft)	Inclination (°)	Azimuth (°)	Vertical Depth (ft)	+N/-S (ft)	+E/-W (ft)	Map Northing (usft)	Map Easting (usft)	Latitude	Longitude
6,600.00	87.97	89.60	4,203.58	-129.71	2,111.05	661,682.49	645,643.33	32° 49' 5.358 N	103° 51' 33.309 W
6,700.00	87.97	89.60	4,207.13	-129.02	2,210.98	661,683.19	645,743.26	32° 49' 5.361 N	103° 51' 32.138 W
6,800.00	87.97	89.60	4,210.69	-128.32	2,310.92	661,683.88	645,843.20	32° 49' 5.363 N	103° 51' 30.967 W
6,900.00	87.97	89.60	4,214.24	-127.63	2,410.85	661,684.58	645,943.13	32° 49' 5.366 N	103° 51' 29.796 W
7,000.00	87.97	89.60	4,217.79	-126.93	2,510.79	661,685.27	646,043.07	32° 49' 5.368 N	103° 51' 28.625 W
7,100.00	87.97	89.60	4,221.34	-126.24	2,610.72	661,685.97	646,143.00	32° 49' 5.371 N	103° 51' 27.454 W
7,200.00	87.97	89.60	4,224.89	-125.54	2,710.66	661,686.66	646,242.93	32° 49' 5.373 N	103° 51' 26.283 W
7,300.00	87.97	89.60	4,228.44	-124.85	2,810.59	661,687.36	646,342.87	32° 49' 5.376 N	103° 51' 25.112 W
7,400.00	87.97	89.60	4,231.99	-124.15	2,910.52	661,688.05	646,442.80	32° 49' 5.378 N	103° 51' 23.941 W
7,500.00	87.97	89.60	4,235.54	-123.46	3,010.46	661,688.75	646,542.74	32° 49' 5.380 N	103° 51' 22.770 W
7,600.00	87.97	89.60	4,239.09	-122.76	3,110.39	661,689.44	646,642.67	32° 49' 5.383 N	103° 51' 21.599 W
7,700.00	87.97	89.60	4,242.64	-122.07	3,210.33	661,690.14	646,742.61	32° 49' 5.385 N	103° 51' 20.428 W
7,800.00	87.97	89.60	4,246.19	-121.37	3,310.26	661,690.83	646,842.54	32° 49' 5.388 N	103° 51' 19.257 W
7,900.00	87.97	89.60	4,249.74	-120.67	3,410.20	661,691.53	646,942.47	32° 49' 5.390 N	103° 51' 18.085 W
8,000.00	87.97	89.60	4,253.29	-119.98	3,510.13	661,692.23	647,042.41	32° 49' 5.392 N	103° 51' 16.914 W
8,100.00	87.97	89.60	4,256.84	-119.28	3,610.07	661,692.92	647,142.34	32° 49' 5.395 N	103° 51' 15.743 W
8,200.00	87.97	89.60	4,260.39	-118.59	3,710.00	661,693.62	647,242.28	32° 49' 5.397 N	103° 51' 14.572 W
8,300.00	87.97	89.60	4,263.94	-117.89	3,809.94	661,694.31	647,342.21	32° 49' 5.400 N	103° 51' 13.401 W
8,400.00	87.97	89.60	4,267.49	-117.20	3,909.87	661,695.01	647,442.15	32° 49' 5.402 N	103° 51' 12.230 W
8,500.00	87.97	89.60	4,271.05	-116.50	4,009.80	661,695.70	647,542.08	32° 49' 5.404 N	103° 51' 11.059 W
8,600.00	87.97	89.60	4,274.60	-115.81	4,109.74	661,696.40	647,642.02	32° 49' 5.407 N	103° 51' 9.888 W
8,700.00	87.97	89.60	4,278.15	-115.11	4,209.67	661,697.09	647,741.95	32° 49' 5.409 N	103° 51' 8.717 W
8,800.00	87.97	89.60	4,281.70	-114.42	4,309.61	661,697.79	647,841.88	32° 49' 5.412 N	103° 51' 7.546 W
8,900.00	87.97	89.60	4,285.25	-113.72	4,409.54	661,698.48	647,941.82	32° 49' 5.414 N	103° 51' 6.375 W
9,000.00	87.97	89.60	4,288.80	-113.03	4,509.48	661,699.18	648,041.75	32° 49' 5.416 N	103° 51' 5.204 W
9,100.00	87.97	89.60	4,292.35	-112.33	4,609.41	661,699.88	648,141.69	32° 49' 5.419 N	103° 51' 4.033 W
9,200.00	87.97	89.60	4,295.90	-111.63	4,709.35	661,700.57	648,241.62	32° 49' 5.421 N	103° 51' 2.862 W
9,300.00	87.97	89.60	4,299.45	-110.94	4,809.28	661,701.27	648,341.56	32° 49' 5.423 N	103° 51' 1.691 W
9,400.00	87.97	89.60	4,303.00	-110.24	4,909.22	661,701.96	648,441.49	32° 49' 5.426 N	103° 51' 0.520 W
9,500.00	87.97	89.60	4,306.55	-109.55	5,009.15	661,702.66	648,541.42	32° 49' 5.428 N	103° 50' 59.349 W
9,600.00	87.97	89.60	4,310.10	-108.85	5,109.08	661,703.35	648,641.36	32° 49' 5.431 N	103° 50' 58.177 W
9,700.00	87.97	89.60	4,313.65	-108.16	5,209.02	661,704.05	648,741.29	32° 49' 5.433 N	103° 50' 57.006 W
9,800.00	87.97	89.60	4,317.20	-107.46	5,308.95	661,704.74	648,841.23	32° 49' 5.435 N	103° 50' 55.835 W
9,850.61	87.97	89.60	4,319.00	-107.11	5,359.53	661,705.09	648,891.80	32° 49' 5.436 N	103° 50' 55.243 W
TD at 9850.61 MD									

Design Targets

Target Name - hit/miss target - Shape	Dip Angle (°)	Dip Dir. (°)	TVD (ft)	+N/-S (ft)	+E/-W (ft)	Northing (usft)	Easting (usft)	Latitude	Longitude
SHL Skelly Unit Fed 3H - plan hits target center - Point	0.00	0.00	0.00	0.00	0.00	661,812.20	643,532.28	32° 49' 6.735 N	103° 51' 58.040 W
FTP Skelly Unit Fed 3H - plan misses target center by 0.95ft at 4767.10ft MD (4138.13 TVD, -142.02 N, 279.37 E) - Point	0.00	0.00	4,139.00	-142.40	279.31	661,669.80	643,811.59	32° 49' 5.314 N	103° 51' 54.774 W
LTP/PBHL Skelly Unit Fe - plan hits target center - Point	0.00	0.00	4,319.00	-107.11	5,359.53	661,705.09	648,891.80	32° 49' 5.436 N	103° 50' 55.243 W

Planning Report - Geographic

Database:	edmdb	**Local Co-ordinate Reference:**	Well Skelly Unit Fed 3H
Company:	Virtus Energy Partners	**TVD Reference:**	GL 3817' + KB 32' @ 3849.00ft
Project:	Eddy County, NM (NAD 27)	**MD Reference:**	GL 3817' + KB 32' @ 3849.00ft
Site:	Skelly Unit Fed 3H	**North Reference:**	Grid
Well:	Skelly Unit Fed 3H	**Survey Calculation Method:**	Minimum Curvature
Wellbore:	Wellbore #1		
Design:	Plan #1		

Formations

Measured Depth (ft)	Vertical Depth (ft)	Name	Lithology	Dip (°)	Dip Direction (°)
390.01	390.00	Rustler			
622.68	622.00	Salado			
1,638.13	1,602.00	Tansill			
1,745.36	1,704.00	Yates			
2,097.56	2,039.00	Seven Rivers			
2,730.22	2,649.00	Queen			
3,075.33	2,992.00	Grayburg			
3,535.93	3,451.00	San Andres			

Plan Annotations

Measured Depth (ft)	Vertical Depth (ft)	Local Coordinates +N/-S (ft)	Local Coordinates +E/-W (ft)	Comment
300.00	300.00	0.00	0.00	Start Build 2.00 at 300 MD
1,198.97	1,184.29	76.57	-117.08	Start 1106.06 hold at 1198.97 MD
2,305.03	2,236.34	263.43	-402.82	Start Drop -2.00 at 2305.03 MD
3,204.00	3,120.63	340.00	-519.90	Start 163.37 hold at 3204.00 MD
3,367.37	3,284.00	340.00	-519.90	Start Build 8.00 at 3367.37 MD
3,535.93	3,451.00	327.26	-504.82	3535.93 MD: 3451 TVD (PPP)
4,117.37	3,904.25	108.86	-246.39	Start 200.00 hold at 4117.37 MD
4,317.37	4,004.25	-2.93	-114.09	Start DLS 10.00 TFO -61.80 at 4317.37 MD
4,792.91	4,139.42	-142.28	305.14	Start 5057.70 hold at 4792.91 MD
9,850.61	4,319.00	-107.11	5,359.53	TD at 9850.61 MD

PECOS DISTRICT
DRILLING CONDITIONS OF APPROVAL

OPERATOR'S NAME:	Virtus Energy Operating LLC
WELL NAME & NO.:	Skelly Unit 3H
LOCATION:	Sec 21-17S-31E-NMP
COUNTY:	Eddy County, New Mexico

Create COAs

H_2S	Cave / Karst	Waste Prevention Rule
Present	Low	Waste Minimization Plan

Potash	R-111-Q Design
None	

Wellhead	Casing	Cementing
Conventional	3-String Well	DV Tool, Bradenhead, Echometer
Flex Hose	Liner, Fluid Filled, Casing Clearance	Offline Cement, Open Annulus, Pilot Hole
Break Testing		

Special Requirements

Capitan Reef, Water Disposal, COM, Unit

A. HYDROGEN SULFIDE

A Hydrogen Sulfide (H_2S) Drilling Plan shall be activated **at surface**. As a result, the Hydrogen Sulfide area must meet all requirements from 43 CFR 3176, which includes equipment and personnel/public protection items. If Hydrogen Sulfide is encountered, please provide measured values and formations to the BLM.

B. CASING

1. The **13-3/8** inch surface casing shall be set at approximately **450** feet (a minimum of **70'** into the Rustler Anhydrite, above the salt, and below usable fresh water) 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

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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 **500 pounds compressive strength**, whichever is greater (including lead cement.)
c. Wait on cement (WOC) time for a remedial job will be a minimum of 4 hours after bringing cement to surface or 500 pounds compressive strength, whichever is greater.
d. If cement falls back, remedial cementing will be done prior to drilling out that string.

2. The minimum required fill of cement behind the **9-5/8** inch intermediate casing is **cement to surface**. If cement does not circulate, see B.1.a, c-d above.

3. The minimum required fill of cement behind the **5-1/2** inch production casing is at least **200 feet** into previous casing string. Operator shall use one of the approved methods for cement verification located in the **General Requirements, Section A.1**.
   - If cement does not circulate to surface on the previous casing, this string must come to surface.

C. PRESSURE CONTROL

1. Minimum working pressure of the blowout preventer (BOP) and related equipment (BOPE) required for drilling below the surface casing shoe shall be **3000 (3M)** psi. **Variance is approved to use a 3000 (3M) Annular which shall be tested to 2100 (70% Working Pressure) psi.**

2. Variance approved to use flex line from BOP to choke manifold. Manufacturer's specification to be readily available. No external damage to flex line. Flex line to be installed as straight as possible (no hard bends).

D. SPECIAL REQUIREMENT(S)

Unit Wells:

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. 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.

Commercial Well Determination:

A commercial well determination shall be submitted after production has been established for at least six months.

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GENERAL REQUIREMENTS

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

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

For multi-well pads, notifications for the following operations may be made together going from one well to the next. This does **NOT** apply to notifications for wells in the R111Q potash area:

- Casing run
- Offline cementing
- Break testing

Contact Eddy County Petroleum Engineering Inspection Staff:

Email or call the Carlsbad Field Office, 620 East Greene St., Carlsbad, NM 88220; **BLM_NM_CFO_DrillingNotifications@BLM.GOV**; (575) 361-2822

1. Unless the production casing has been run and cemented or the well has been properly plugged, the drilling rig shall not be removed from over the hole without prior approval.
    a. In the event the operator proposed to drill multiple wells utilizing a skid / walking rig. Operator shall secure the wellbore on the current well, after installing and testing the wellhead, by installing a blind flange of like pressure rating to the wellhead and a pressure gauge that can be monitored while drilling is performed on the other well(s).
    b. When the operator proposes to set surface casing with Spudder Rig
        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 **43 CFR 3172** as soon as 2nd Rig is rigged up on swell.
2. Floor controls are required for 3M or Greater systems. These controls will be on the rig floor, unobstructed, readily accessible to the driller and will 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.
3. For intervals in which cement to surface is required, cement to surface should be verified with a visual check and density or pH check to differentiate cement from spacer and drilling mud. The results should be documented in the driller's log and daily reports.

A. CASING & CEMENT

1. The current acceptable methods of cement verification are as follows:
    i. Observing cement circulated to surface,
    ii. Cement Bond Log (CBL),
    iii. Temperature log within 8-10 hours after completing the cement job,
    iv. Echometer (if a second-stage bradenhead is being utilized and operator was granted approval prior to operations.)
2. Changes to the approved APD casing program need prior approval if the items substituted are of lesser grade or different casing size or are non-API. The Operator can exchange the components of the proposal with that of superior strength (i.e. changing from J-55 to N-80, or from 36# to 40#). Changes to the approved cement program need prior approval if the altered cement plan has less volume or strength or if the changes are substantial (i.e. Multistage tool, ECP, etc.). The initial wellhead installed on the well will remain on the well with spools used as needed.
3. Wait on cement (WOC) for Potash Areas: After cementing but before commencing any tests, the casing string shall stand cemented under pressure until both of the following conditions have been met: 1) cement reaches a minimum compressive strength of 500 psi for all cement blends of both lead and tail cement, 2) until cement has been in place at least 8 hours. WOC time will be recorded in the driller's log. The casing integrity test can be done (prior to the cement setting up) immediately after bumping the plug.
4. Wait on cement (WOC) for Water Basin: After cementing but before commencing any tests, the casing string shall stand cemented under pressure until both of the following conditions have been met: 1) cement reaches a minimum compressive strength of 500 psi at the shoe, 2) until cement has been in place at least 8 hours. WOC time will be recorded in the driller's log. See individual casing strings for details regarding lead cement slurry requirements. The casing integrity test can be done (prior to the cement setting up) immediately after bumping the plug.
5. Provide compressive strengths including hours to reach required 500 pounds compressive strength prior to cementing each casing string. Well specific cement details must be onsite prior to pumping the cement for each casing string.
6. No pea gravel permitted for remedial or fall back remedial without prior authorization from the BLM engineer.
7. On that portion of any well approved for a 5M BOPE system or greater, a pressure integrity test of each casing shoe shall be performed. Formation at the shoe shall be tested to a minimum of the mud weight equivalent anticipated to control the formation pressure to the next casing depth or at total depth of the well. This test shall be performed before drilling more than 20 feet of new hole.
8. If hard band 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.

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9. Whenever a casing string is cemented in the R-111-Q potash area, the NMOCD requirements shall be followed.

B. PRESSURE CONTROL

1. All blowout preventer (BOP) and related equipment (BOPE) shall comply with well control requirements as described in **43 CFR 3172**.
2. If a variance is approved for a flexible hose to be installed from the BOP to the choke manifold, the following requirements apply: The flex line must meet the requirements of API 16C. Check condition of flexible line from BOP to choke manifold, replace if exterior is damaged or if line fails test. Line to be as straight as possible with no hard bends and is to be anchored according to Manufacturer's requirements. The flexible hose can be exchanged with a hose of equal size and equal or greater pressure rating. Anchor requirements, specification sheet and hydrostatic pressure test certification matching the hose in service, to be onsite for review. These documents shall be posted in the company man's trailer and on the rig floor.
3. 5M or higher system requires an HCR valve, remote kill line and annular to match. The remote kill line is to be installed prior to testing the system and tested to stack pressure.
4. If the operator has proposed a multi-bowl wellhead assembly in the APD. The following requirements must be met:
    i. Wellhead shall be installed by manufacturer's representatives, submit documentation with subsequent sundry.
    ii. 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.
    iii. Manufacturer representative shall install the test plug for the initial BOP test.
    iv. Whenever any seal subject to test pressure is broken, all the tests in 43 CFR 3172.6(b)(9) must be followed.
    v. If the cement does not circulate and one-inch operations would have been possible with a standard wellhead, the well head shall be cut off, cementing operations performed and another wellhead installed.
5. The appropriate BLM office shall be notified a minimum of 4 hours in advance for a representative to witness the tests.
    i. 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 cement), 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).

ii. 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 cement plug. The BOPE test can be initiated after bumping the cement plug with the casing valve open. (This only applies to single stage cement jobs, prior to the cement setting up.)

iii. The tests shall be done by an independent service company utilizing a test plug not a cup or J-packer and can be initiated immediately with the casing valve open. The operator also has the option of utilizing an independent tester to test without a plug (i.e. against the casing) pursuant to **43 CFR 3172** 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 8 hours or 500 pounds compressive strength, whichever is greater, prior to initiating the test (see casing segment as lead cement may be critical item).

iv. 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 -our clock.

v. The results of the test shall be reported to the appropriate BLM office.

vi. 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.

vii. 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.

viii. 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 **43 CFR 3172**.

C. DRILLING MUD

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

D. WASTE MATERIAL AND FLUIDS

All waste (i.e. drilling fluids, trash, salts, chemicals, sewage, gray water, etc.) created because of drilling operations and completion operations shall be safely contained and disposed of properly at a waste disposal facility. No waste material or fluid shall be disposed of on the well location or surrounding area. Porto-johns and trash containers will be on-location during fracturing operations or any other crew-intensive operations.

Approval Date: 04/15/2026

EMERGENCY RESPONSE PLAN/CONTINGENCY PLAN

1. INTRODUCTION

The following Virtus Energy Operating, LLC ("Company") Emergency Response Plan (ERP) is designed to fulfill the obligations outlined by the New Mexico Oil Conservations Division, OSHA and other applicable local, state and federal agencies.
The key component of emergency preparedness and response is the development of an ERP, which is defined as a document developed to ensure quick access to critical information necessary to effectively respond to an emergency.

1.1. Purpose

1.1.1. The purpose of an ERP is to ensure a quick, effective and logical response to emergencies to protect the public from fatalities and irreversible health effects and minimize impacts to the environment.

1.1.2. The objective of the ERP is to enable Company to adhere to the following:

1.1.2.1. Be well organized to ensure quick access to critical information;

1.1.2.2. Coordinate activities among industry responders, emergency services, local authorities, governments and others who have a role in providing an effective response;

1.1.2.3. Ensure communication with all parties involved in or potentially affected by the emergency;

1.1.2.4. Assist personnel in determining and performing remedial actions;

1.1.2.5. Clearly establish roles and responsibilities of all responders;

1.1.2.6. Identify response organizations and command control structures

1.1.2.7. Identify predetermined resources and required personnel, equipment and services; and

1.1.2.8. Eliminate or minimize the effects of emergency incidents to increase public confidence in the ability of industry to handle emergencies.

1.1.3. This ERP compliments emergency response plans administered by local, state and federal government agencies and applicable government regulations.

1.1.4. Public and local government involvement in emergency preparedness and response must take place at various stages in the emergency preparedness and response must take place at various stages of resource development including:

1.1.4.1. Developing site specific ERP for new wells, pipelines and facilities or major modifications to existing ones resulting in significant change to emergency planning or procedures;

1.1.4.2. Prior to completion, servicing or testing operations that are not carried out consecutive to drilling operations;

1.1.4.3. Once every two years for existing wells and facilities with approved site specific ERPs; and

1.1.4.4. After finalization of sale of agreement and prior to the transfer from one licensee to another of wells, pipelines and facilities requiring specific ERPs.

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1.2. Emergency Response Objectives

1.2.1. The objective will be met by focusing for the following areas:
1.2.1.1. Ensure immediate competent response to, and handling of an emergency occurrence;
1.2.1.2. Minimize danger to the public, employees, contractors and environment;
1.2.1.3. Establish and maintain effective communications with all parties in an emergency;
1.2.1.4. Make maximum use of the combined resources of Company, government agencies and other non-company services; and
1.2.1.5. Preserve relevant records and equipment for any subsequent inquiry into the cause and circumstances of the emergency.

1.3. Emergency Response Positive Consequences

1.3.1. The positive consequences of having a diligent response plan/protocol are as follows:
1.3.1.1. Safety of employees, contractors, visitors, customers and the public;
1.3.1.2. Continued security of licensee's wells and facilities;
1.3.1.3. An effective incident reporting system;
1.3.1.4. Minimizing damage to the environment; and
1.3.1.5. Proper development of oil and gas resources.

1.4. Plan Maintenance and Updates

1.4.1. Company will hold an internal exercise for each operating area and include the head office staff in at least one exercise per year. The exercise must include tabletop and field simulation involving all individuals identified in the plan.
1.4.2. Emergency response information will be readily available to all Company employees. All field operations employees are expected to be familiar with their area-specific emergency response information.

2. COMPANY EMERGENCY CONTACTS

2.1. The Company main office phone number is 469-998-8799
2.2. The emergency phone number is 469-998-8799, and it handles all 24-hour emergency calls; this number is noted on all facility signage in the field as per applicable regulations.
2.3. For Company contact information, refer to:
2.3.1. Appendix 1 – Company Head Office address.
2.3.2. Appendix 2 – Company Organizational Chart.

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EMERGENCY RESPONSE PLAN/CONTINGENCY PLAN

3. CURRENT COMPANY WELL LOCATIONS & FACILITIES

3.1. For Company well locations in New Mexico and facilities information, refer to:
3.1.1. Appendix 3 – Company Current Summary of Wells and Facilities.
3.1.2. Appendix 4 – Company Current Pipeline Details, if applicable.
3.2. In the event of a license transfer, Company will contact the appropriate agencies within 30 days of the transfer of the licenses.
3.3. Company will also provide notification to the appropriate local, state and federal agencies and the following information will be provided:
3.3.1. corporate structure change;
3.3.2. contact members;
3.3.3. internal communication changes
3.3.4. signing authority changes.

4. STATE EMERGENCY CONTACTS

4.1. This well is located in NM OCD District 2, Artesia

4.2. For NM OCD contact information, refer to:
4.2.1. Appendix 5 – NM OCD Field Contact Information
4.2.2. Emergency Authorities Contact List
4.2.3. Refer to Appendix 6 – Emergency Authorities Contact Information.

5. COMMUNICATION PLAN

5.1. Communication with Response Team, Support Services and Government
Company will contact agencies and services required to assist with the initial response, which may include contacting the local authorities at a level 1 emergency, if required. At a Level 2 or Level 3 emergency, Company will contact additional agencies as required per specific response plans

5.1.1. Media Affairs

5.1.1.1. Media release must be generated and released as significant developments occur during alerts and Level 1-3 emergencies. Company will coordinate media releases with the NM OCD, prior to the media release, to ensure consistency and information accuracy. This information will be communicated through written news releases, news conferences and any other effective means Company chooses to implement.

5.1.1.2. Company will keep all notified and evacuated persons and the media informed of the status of an emergency.

5.1.2. Downgrading Emergency Levels

5.1.2.1. The decision to downgrade a level 2 or 3 Emergency will be decided upon jointly by Company personnel, the NM OCD or other respective state and federal government agencies, and local disaster services authorities.

5.1.2.2. Company will keep all notified and evacuated persons and the media informed of the status of an emergency.

5.1.2.3. Emergency 2 or 3 incidents are defined as:

5.1.2.3.1. Any sized uncontained refined or unrefined petroleum spill or leak;

5.1.2.3.2. Fire or explosion;

5.1.2.3.3. Blowout; and

5.1.2.3.4. Serious injury or loss of life.

5.1.2.4. Minor incidents typically involve incidents where no danger exists outside of the company or contractor property and where the situation can be handled entirely by Company personnel.

5.1.2.5. Major Incidents usually involve situations where safe operating control has been lost resulting in or potentially resulting in fatalities; serious injury to Company personnel, contractors or general public; serious property damage; serious impact to the environment; or major impact to surrounding communities.

5.1.2.6. Appropriate emergency procedures and action must be initiated immediately after discovery that an emergency exists.

5.1.2.7. Any potential or existing emergency events should be directed immediately to the Company emergency main contact: William McMann.

5.1.2.8. In the event the Company emergency main contact is off duty or unavailable, the individual who has noticed the emergency must notify the next available position of authority on location as noted in Appendix 1 - Company Contacts.

5.1.2.9. Within 30 days of the end of a Level 2 or 3 emergency incidents, Company must file a report with the NM OCD and/other appropriate local, state and federal agencies.

5.1.2.10. After a review of the incident, the agency or agencies will have a closing review meeting with the parties' privy to the incident as a learning and debriefing exercise.

5.1.2.10.1. Such things as the following will be discussed:

5.1.2.10.1.1. incident cause;

5.1.2.10.1.2. a review of the emergency actions taken at the time of the incident; and

5.1.2.10.1.3. areas of improvement regarding the emergency incident, and if the responses, in comparison to the response plan, was fulfilled.

5.1.3. General Public News Release Information

5.1.3.1. The following information must be released to the general public as soon as possible during an incident:

5.1.3.1.1. Type and status of the incident;

5.1.3.1.2. Location and proximity of the incident to people in the vicinity;

5.1.3.1.3. Areas impacted by the incident;

5.1.3.1.4. Effects the incident may have on people in the vicinity;

5.1.4. Actions the general public should take if they experience adverse effects;

5.1.5. Description of the products involved and their short and long term effects;

5.1.6. Public protection measures to follow evacuation direction and any other emergency response measures to consider;

5.1.7. Actions being taken to correct the situation and time period anticipated; and

5.1.8. Contacts for additional information.

5.1.8.1. Appendix 7 – Information Disseminated to the Public at the Onset and During an Incident, for a complete list of the public news release information.

5.1.8.2. Appendix 8 – Incident Response Classification.

5.2. Initial Company Telephone Caller of the Alert/Emergency

The company telephone caller upon the declaration of a level 2 or 3 Emergency will assist in contacting occupants in the affected area.

5.2.1. Level 1 Emergency

5.2.1.1. Upon notification from the On-Scene Commander notify sensitive residents of a Level 1 Emergency within the affected area.

5.2.1.2. Upon completion of the notifications, update the On-Scene Commander and Evacuation Coordinator with the following information:

5.2.1.2.1. Persons who wish to be evacuated;
5.2.1.2.2. Persons who require assistance; and
5.2.1.2.3. Person who cannot be contacted.
5.2.2. Level 2 and 3 Emergency
5.2.2.1. Upon notification from the On-Scene Commander, notify all residents and industrial operators of a Level 2 or 3 Emergency within the defined affected area. Request emergency response assistance, if required, by on site personnel.
5.2.2.2. Upon completion of the notifications, update the On-Scene Commander and Evacuation Coordinator with the following information:
5.2.2.2.1. Persons who wish to be evacuated;
5.2.2.2.2. Persons who require assistance; and
5.2.2.2.3. Person(s) who cannot be contacted.
5.2.2.2.4. Only after proper downgrading of the emergency inform residents and industry of the reduced status.

5.3. Inquiries

5.3.1. Refer to Appendix 1 for the Public Affairs/Media Liaison contact for Company, who is to interact with the NM OCD and other applicable government agencies.
5.3.2. Calls or visits received by Company from the public, media and government must be directed to William McMann.
5.3.3. At the time of public affairs inquiry, the individual taking the call should take a descriptive message, including name, number and subject material and inform William McMann of the call.

6. ASSESSMENT MATRIX FOR CLASSIFYING INCIDENTS

6.1. Refer to Appendix 9 – Assessment Matrix for Classifying Incidents.

7. EMERGENCY RESPONSE PROCEDURES

Company Emergency Response Policy is to be proactive in identifying and addressing any situations that may cause an alert or an emergency event. Any Company staff noting an alert or emergency on a Company location must report it immediately to the Site Emergency Contact or the alternative personnel listed in Section 8.2.

7.1. Level 1 Emergency

7.1.1. This Level emergency is an incident that can be entirely handled by Company personnel on-site. An immediate control of the hazard becomes progressively more complex because of deteriorating conditions.
7.1.2. The following criteria can be used to classify a Level 1 emergency:
7.1.2.1. There is no immediate danger to public or environment as no H2S has been released;
7.1.2.2. Release of Hazardous substances is confined to the lease or company property.

7.1.2.3. Control and relief systems are functioning correctly;
7.1.2.4. Creates little to no media interest;
7.1.2.5. Immediate control of the hazard source is possible, but is becoming progressively more complex because of the deteriorating conditions. A Level 1 Emergency has the potential to escalate into a Level 2 Emergency; and
7.1.2.6. No immediate threat to workers.
7.1.3. Examples of a Level 1 Emergency include the following:
7.1.3.1. Equipment failure during routine operations with no emissions of H2S;
7.1.3.2. Any fire around an Company worksite (i.e. grassfire);
7.1.3.3. Odor complaint from operators/ locals;
7.1.3.4. A small gas release (no emissions of H2S) which can be contained by manual valve closure for flaring; and
7.1.3.5. Injury to a worker without medical aid to maintain life.

7.2. Level 2 Emergency

7.2.1. This Level Emergency is an incident where there is no immediate danger outside of Company property but potential danger exists that government agencies must be notified of the situation and updated if the potential escalates. It is an imminent and/or intermittent control of the hazard is possible.
7.2.2. The following criteria can be used to classify Level 2 emergencies:
7.2.2.1. There is a potential for risk to the public or environment due to the fact the damage could extend off lease of the site;
7.2.2.2. Containment of Hazardous substance is obtainable. Containment and control mechanisms are in place and functioning properly;
7.2.2.3. May create media interest;
7.2.2.4. The risk of the event could escalate; and
7.2.2.5. May require the involvement of government agencies.
7.2.3. Examples of level 2 Emergency include, but are not restricted, to the following:
7.2.3.1. Failure of control system with emission of H2S to the atmosphere;
7.2.3.2. Liquid release (i.e. spill) near a body of water;
7.2.3.3. On site personnel are in the activity of controlling a release (e.g. well blow out);
7.2.3.4. Explosion of fire which can be brought under control; and
7.2.3.5. Injury to a worker with medical attention required immediately in order to maintain life.

7.3. Level 3 Emergency

7.3.1. This level Emergency is an incident where safe control has been lost, thereby causing or having the potential to cause severe injuries or fatalities among employees, contractors or the general public; serious harm to the environment; or serious damage to surrounding communities. The imminent control of the hazard is not possible. This includes situations where safe control has been restored but the potential to cause severe injuries or fatalities still exists.

7.3.2. The following criteria can be used to classify Level 3 emergencies:

7.3.2.1. There exists an immediate danger to the environment or public;

7.3.2.2. A loss of control regarding the situation. Key equipment is not properly functioning (e.g. blowout prevention system);

7.3.2.3. Media attention is created by it;

7.3.2.4. Uncontrolled release of hazardous substances with serious environment impact; and

7.3.2.5. Extensive involvement of external emergency services where, federal, state or local agencies is required.

7.3.3. Examples of Level 3 Emergencies include, but are not limited to, the following:

7.3.3.1. Uncontrolled release of H_2S or SO_2 gas;

7.3.3.2. H_2S concentrations in the emergency planning zone (EPZ) reach ignition criteria;

7.3.3.3. Uncontrolled flow of flammable gas;

7.3.3.4. Report of bomb or terrorist attack;

7.3.3.5. An uncontrolled fire on the plant site or a facility; and

7.3.3.6. Death of a worker on site.

8. INCIDENT MANAGEMENT SYSTEM

8.1. Reception Center

8.1.1. The Local Health Safety and Environment (HSE) Coordinator will ensure the Reception Center is a safe distance from the emergency site and that the evacuation is completed properly.

8.1.2. All evacuees will be contacted by a Company visit or by phone and asked to travel to the designated Reception Center to be registered. Company will provide assistance to public who cannot travel to the Reception Center.

8.1.3. Temporary accommodations will be supplied, if required.

8.1.4. The Reception Center information is detailed in the field specific information in Appendix 3.

8.2. Responsibilities of Personnel

8.2.1. Company employees and representatives are responsible for the implementation of the ERP. The responsibility to respond to the emergency shall be assumed by the closest and available Company employee or representative on-site. The first responder must assess the situation before entering the site and then consult with his supervisor and the ERP must be activated as warranted.

8.2.2. Two groups must be formed to respond to the incident, which are the Field Response Team and the Corporate Response Team.

8.2.2.1. For any Emergency follow these simple rules:

8.2.2.2. Stop, think and remain calm;

8.2.2.3. Ensure the safety of all people in the immediate vicinity;

8.2.2.4. Identify the hazard and categorize the level of Emergency response;

8.2.2.5. Report details to your immediate supervisor;

8.2.2.6. Assume your role within the ERP response;

8.2.2.7. Complete your duties with the ERP response;

8.2.2.8. Direct any media questions to the appropriate personnel; and

8.2.2.9. Log all details of the incident for later reference.

8.2.3. The following roles will be used to co-ordinate Company emergency response activities:

8.2.3.1. The On-Site Command Post (OSCP) will be established by the On-Scene Incident Commander in his vehicle or at a mobile office on or next to the emergency incident. The purpose of the On-Site Command Post is to manage emergency response actions and safety of the personnel on site. The On-Site Command Post, government agencies, the off-site command center and senior Company staff will maintain communications. The On-Scene Commander and any individuals necessary for support activities will man the On-Site Command Post.

8.2.3.2. The Off-Site Command Center called a Regional Emergency Operations Center (REOC) will be established by the Off-Site Commander at the nearest field office outside the Emergency Planning Area equipped with communication equipment. The Off-Site Commander will direct any field response activities not directly related to on- site procedures including evacuation, communications and mobile air monitoring. This position will ensure proper equipment and trained staff are utilized.

8.2.4. The REOC can be combined with the Emergency Operations Center (EOC) for effectiveness.

8.2.5. All response personnel will report to the Off-Site REOC prior to entering the affected area.

8.2.6. The Command Center may be established by a senior managerial staff member of Company for all Level 2 or 3 defined emergencies.

8.2.7. Company should assign a company representative to interact with the appropriate NM OCD field office.

8.2.8. The following responsibilities are acknowledged by Company as key roles regarding emergency response and will be filled by the appropriate staff and alternatives will be assigned.

8.2.9. Refer to Appendix 1 – Company Emergency Contacts for phone numbers and email addresses for the personnel referenced below.

8.2.10. Refer to Appendix 10 - Company Key Roles and Responsibilities.

8.3. On-Scene Commander Duties

8.3.1. Level 1 Emergency

8.3.1.1. The On-Scene Commander along with the first responder, Off-Site Commander and Corporate Emergency shall determine the severity of the situation along with the size and location of the affected area and must:

8.3.1.1.1. Immediately attend to protecting life and ensuring the safety of all personnel;
8.3.1.1.2. Notify the Off-Site Commander of an Alert or Level 1 Emergency;
8.3.1.1.3. Notify telephone caller of Level 1 Emergency;
8.3.1.1.4. Notify Evacuation Coordinator of Level 1 Emergency.
8.3.1.1.5. Notify sensitive individuals of a Level 1 Emergency;
8.3.1.1.6. Notify the Rover of Level 1 Emergency;
8.3.1.1.7. Place Ignition team on standby;
8.3.1.1.8. Notify Air monitoring personnel of Level 1 Emergency;
8.3.1.1.9. Confirm that roadblock crews are equipped with such things as:
8.3.1.1.9.1. SCBA (self-contained breathing apparatus);
8.3.1.1.9.2. Hand held H2S /SO2 detector;
8.3.1.1.9.3. Stop traffic;
8.3.1.1.9.4. Area map;
8.3.1.1.9.5. Communication radio with extra batteries;
8.3.1.1.9.6. Flashlight with extra batteries;
8.3.1.1.9.7. Ten H2S/SO2 detection record forms.

8.3.2. Level 2 Emergency
8.3.2.1. Continue with Level 1 activities, and must:
8.3.2.2. Set up the On-Site Command Post (OSCP) at the closest field office or in the vehicle;
8.3.2.3. Supervise emergency response activities from the On-Site Command Post (OSCP);
8.3.2.4. Notify the Off-Site Commander of a Level 2 Emergency. Initiate evacuation of the area or sheltering;
8.3.2.5. Notify Evacuation Coordinator of Level 2 Emergencies. Initiate evacuation of the area or sheltering;
8.3.2.6. Request the police have roadblocks crews be dispatched to isolate the facility site or affected area;
8.3.2.7. Set up roadblocks at designated locations. Establish additional roadblocks, as necessary;
8.3.2.8. Dispatch the Rover; and
8.3.2.9. Direct the ignition of a gas release if directed from senior company response personnel.

8.3.3. Level 3 Emergency
8.3.3.1. Continue Level 1 and 2 activities, and must:
8.3.3.1.1. Confirm evacuation of all non-essential personnel from the affected area;
8.3.3.1.2. Expand air monitoring activities, as needed;
8.3.3.1.3. Assist government officials or police agencies during the investigation of any fatalities or serious injuries;
8.3.3.1.4. Upon downgrading of the emergency from the Corporate Emergency Response Commander, advise the first responders and other emergency personnel;
8.3.3.1.5. Debrief on-site personnel;
8.3.3.1.6. Review emergency response capabilities and document areas of improvement; and
8.3.3.1.7. Attend an emergency debriefing meeting to discuss the following:

8.3.3.1.8. The cause of the incident;
8.3.3.1.9. Details of the emergency response actions;
8.3.3.1.10. Response action efficiency; and
8.3.3.1.11. Response personnel and support services were able to fulfill their emergency responsibilities.

8.4. Off-Site Commander Duties

8.4.1. Level 1 Emergency
8.4.1.1. Communicate with the On-Scene Commander and assist with the development and implementation of specific response actions, and must:
8.4.1.1.1. Notify the Corporate Emergency Response Commander (not for Alert type Emergencies);
8.4.1.1.2. Notify NM OCD of Level 1 Emergency.
8.4.1.1.3. Notify the government agencies if the public is contacted;
8.4.1.1.4. Prepare mobile air monitoring plan in conjunction with the designated Air Monitoring person; and
8.4.1.2. Notify support services of Level 1 Emergency and place response units on stand-by including:
8.4.1.2.1. Ambulance;
8.4.1.2.2. Firefighting crews;
8.4.1.2.3. Local spill response units;
8.4.1.2.4. Mobile air monitoring services; and
8.4.1.2.5. Well blow out crews.

8.4.2. Level 2 Emergency
8.4.2.1. Continue Level 1 activities, and must:
8.4.2.1.1. Set up the Off-Site Command Center (OSCC) at the nearest field office outside the established emergency planning area;
8.4.2.1.2. Supervise emergency response activities from the Off-Site Command Center (OSCC);
8.4.2.1.3. Notify the Corporate Emergency Response Commander of a Level 2 Emergency;
8.4.2.1.4. Notify NM OCD of Level 2 Emergency;
8.4.2.1.5. Notify local government representatives:
8.4.2.1.6. Municipal District/ County/ Special Area;
8.4.2.1.7. Regional District; and
8.4.2.1.8. Rural Municipality.
8.4.2.2. Notify non-local government representatives:
8.4.2.2.1. Federal Emergency Management Agency (FEMA);
8.4.2.2.2. Occupational Safety and Health Administration (OSHA)
8.4.2.2.3. New Mexico Environment Department; and
8.4.2.2.4. Local Board of Health.
8.4.2.2.5. Dispatch support services including (as required):
8.4.2.2.6. Ambulance;
8.4.2.2.7. Firefighting crews;
8.4.2.2.8. Local spill response units;
8.4.2.2.9. Mobile air monitoring services; and

8.4.2.2.10. Well blowout crews.

8.4.3. Level 3 Emergency
8.4.3.1. Continue Level 1 and 2 activities, and must:
8.4.3.1.1. Notify the Corporate Emergency Response Commander of a Level 3 Emergency;
8.4.3.1.2. Notify NM OCD of Level 3 Emergency;
8.4.3.1.3. Re-contact local government representatives;
8.4.3.1.4. Upon downgrading the emergency from the Corporate Emergency Response Commander, advise the first responders, the On-Site Commander and other emergency personnel; and
8.4.3.1.5. Attend and participate in the debriefing exercise.

8.5. Emergency Planning - Rover Duties

8.5.1. Level 1 Emergency
8.5.1.1. The Emergency Planning – Rover shall review maps of the affected area, and must:
8.5.1.1.1. Review maps of the affected area;
8.5.1.1.2. Contact helicopter companies and put on stand-by if required;
8.5.1.1.3. Gather and check emergency response equipment including:
8.5.1.1.4. SCBA (self-contained breathing apparatus);
8.5.1.1.5. 4X4 vehicle;
8.5.1.1.6. Flashlight with extra batteries;
8.5.1.1.7. Communication radio with extra batteries or cellphones
8.5.1.1.8. Hand held H2S /SO2 detectors;

8.5.2. Level 2 Emergency
8.5.2.1. Continue Level 1 activities, and must:
8.5.2.1.1. Initiate continuous tours of the affected area;
8.5.2.1.2. Confirm roadblocks are operational and relay this information to the On-Scene Commander;
8.5.2.1.3. Maintain radio contact with the On-Site Command Post (OSCP), the Off-Site Command Center (OSCC) and the Evacuation Center;
8.5.2.1.4. Evacuate transients in the affected area; and
8.5.2.1.5. Instruct evacuees of evacuation procedures, if required.
8.5.3. Level 3 Emergency
8.5.3.1. Continue Level 1 & 2 activities, and must:
8.5.3.1.1. Confirm evacuation of the affected area;
8.5.3.1.2. After downgrading the emergency and on instruction of the On-Site Commander, notify transients in the affected area of the end of the emergency;
8.5.3.1.3. Clean up and recharge equipment batteries;
8.5.3.1.4. Attend debriefing, if required; and
8.5.3.1.5. Participate in the review of the emergency response regarding creating improvements for future incidents.

8.6. HSE Evacuation Coordinator Duties

The Evacuation Coordinator should be a member of the Health and Safety Group within the Corporation, or at least, coordinated from the Corporation.

8.6.1. Level 1 Emergency

8.6.1.1. Upon notification from the On-Scene Commander, carefully review and document the following information:

8.6.1.1.1. Categorize the Level of Emergency;

8.6.1.1.2. Location of the incident and the affected area size;

8.6.1.1.3. Weather conditions (wind speed and direction);

8.6.1.1.4. Area Map (road systems and resident locations);

8.6.1.1.5. Names and map numbers of the affected area occupants and contact information; and

8.6.1.1.6. Specific message to be relayed to occupants advising them of the emergency status as the appropriate prepared statement

8.6.2. Level 2 & 3 Emergency

8.6.2.1. Continue Level 1 activities, and the following:

8.6.2.1.1. When directed to commence evacuation proceedings:

8.6.2.1.1.1. Contact the appropriate Municipal District and request that the evacuation center be opened. Dispatch an available field operator to represent Company at the Evacuation Center;

8.6.2.1.1.2. Maintain communication with the On-Scene Commander and Off-Site Commander;

8.6.2.1.1.3. Co-ordinate Field Operators in the event evacuation and roadblock procedures are implemented;

8.6.2.1.1.4. Ensure that a record is maintained of all persons who arrive at the evacuation center and acquire a list of those not accounted for using the Evacuation Log.

8.6.2.1.1.5. Arrange temporary accommodations for evacuees and address any concerns they may have regarding residence security and feeding of pets and livestock;

8.6.2.1.1.6. Provide evacuees with a copy of a Daily Expense form to claim for incurred expenses. The Head Office staff will handle re-imbursement, after the incident is controlled.

8.6.2.1.1.7. Obtain and record a telephone number from all evacuees for post emergency follow up.

8.6.2.2. Upon completion of the designated contacts, relay the following information to the On-Scene Commander and Off-Site Commander:

8.6.2.2.1. Persons who wish to evacuate;

8.6.2.2.2. Persons who require assistance; and

8.6.2.2.3. Persons who cannot be contacted

8.6.2.2.4. Ensure all resident locations are visited to confirm evacuation. Dispatch vehicles to locations, as required.

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8.7. Air Monitoring Personnel Duties

Similar to the evacuation efforts, the duties of coordinating the air monitoring efforts should be handled by personnel within the HSE Group of the Corporation

8.7.1. Level 1 Emergency

8.7.1.1. The Air Monitoring Personnel shall obtain required information and equipment (maps, report forms, communications, safety, monitoring and breathing apparatus), and must:

8.7.1.1.1. Monitor nearest downwind public location;

8.7.1.1.2. Prepare mobile monitoring plan in conjunction with the Corporate Emergency Response Commander; and

8.7.1.1.3. Record and report all readings at established intervals.

8.7.2. Level 2 and 3 Emergency

8.7.2.1. Continue with Level 1 activities, and the following:

8.7.2.1.1. Attempt to locate plume with continuous mobile monitor;

8.7.2.1.2. Advise On-Scene Commander of affected area boundary changes;

8.7.2.1.3. Document all activities;

8.7.2.1.4. Once the incident considered secure by the On-Scene Commander return all monitoring equipment to its designated location. Ensure all batteries are charged prior to storage;

8.7.2.1.5. Attend emergency response debriefing; and

8.7.2.1.6. Ensure all the air monitoring information and documents are organized and file accordingly.

8.8. Roadblock Personnel Duties

8.8.1. Level 1 Emergency

8.8.1.1. Roadblock Personnel shall obtain required information and equipment (maps, report forms, communications, safety, monitoring and breathing apparatus), and the following:

8.8.1.2. Secure the On-Site Command Post and incident site;

8.8.1.3. Monitor for H2S/SO2 at roadblocks and reposition, as required; and

8.8.1.4. Record incoming and outgoing personnel and equipment.

8.8.2. Level 2 Emergency

8.8.2.1. Continue the Level 1 activities, and the following:

8.8.2.2. Establish and maintain roadblocks at required sites to secure the affected area; and

8.8.2.3. Monitor for H2S/SO2 at roadblocks and reposition, as required.

8.8.3. Level 3 Emergency
8.8.3.1. Continue the Level 2 activities, and the following:
8.8.3.2. Record incoming and outgoing personnel and equipment;
8.8.3.3. Once the incident is complete remove and return all roadblocks upon instruction from the On-Scene Commander;
8.8.3.4. Attend the emergency debriefing; and
8.8.3.5. Ensure roadblock information is properly organized and file for retention purposes.

8.9. Corporate Response Team Duties

8.9.1. The Corporate Response Team is responsible for:
8.9.1.1. Coordinating and managing the company's emergency response to the incidents via the direction of the Corporate Emergency Response Commander. The team will act as the main liaison between Frisco and the field personnel.
8.9.1.2. The Corporate Commander will maintain communication with the Corporate Emergency Response Commander in order to update him on field levels and emergency levels;
8.9.1.3. Provide direction and support to the Corporate Emergency Response Commander;
8.9.1.4. Monitor and approve all public and media communications. Coordinate the media releases with the Media consultant and the NM OCD prior to releasing it;
8.9.1.5. Designate a senior Company representative to the lead government Emergency Operations Center(s);
8.9.1.6. Liaise with government and regulatory agencies and stakeholders;
8.9.1.7. Notify senior corporate offices, legal counsel and partners to ensure internal and external approval is received before resuming operations; and
8.9.1.8. In conjunction with the local authorities or DPS, direct notification of next of kin, if required.
8.9.1.9. The Corporate Emergency Response Commander will coordinate response issues and supports the Field Response team at the Regional Emergency Operations Center, along with the following:
8.9.1.10. Provide direction and support to the Off-Site Emergency Response Commander, verify that the appropriate response and control procedures are being implemented to ensure on-site personnel and public safety;
8.9.1.11. Mobilize personnel to the EOC or REOC;
8.9.1.12. Assist the Off-Site Emergency Response Commander with the government agency notification, if required;
8.9.1.13. NM OCD Field Office;
8.9.1.14. OSHA
8.9.1.15. New Mexico State Police and local police authorities; and
8.9.1.16. FEMA
8.9.1.17. If warranted, coordinate telephone personnel, designate senior personnel to assume role of the telephone coordinator and other available personnel to act as callers. The caller will provide the following information:

8.9.1.18. Level of Emergency (1,2,3);
8.9.1.19. Area and occupants affected; and
8.9.1.20. Telephone number to relay back information.
8.9.1.21. Upon completion of the telephone contacts relay the following information to the Off- Site Emergency Response Commander:
8.9.1.22. Persons who wish to evacuate/shelter;
8.9.1.23. Those who require assistance; and those who cannot be contacted.
8.9.1.24. Alert the Corporate Commander, communication details of the emergency situation and establish the EOC and place Media and Safety Consultants on stand-by;
8.9.1.25. Periodically direct the telephone team to update the residents using the appropriate message;
8.9.1.26. Provide support to the Off-Site Emergency Response Commander as resumption of normal operating procedures occurs verifying the clearance has been received from the appropriate government agencies;
8.9.1.27. Continue to assess the emergency situation verifying appropriate procedures are being implemented and mobilized additional personnel, consultants and equipment, as required;
8.9.1.28. Document all activities as appropriates in logbook.
8.9.1.29. All response personnel will report to the Off-Site REOC prior to entering the affected area.
8.9.1.30. The Command Center maybe established by a senior managerial staff member of Company for all Level 2 or 3 defined emergencies.

8.9.2. Alert/ Level 1 Emergency
8.9.2.1. The Corporate Response Team shall review the incident with the Off-Site Commander. Request a copy of the incident report, and the following:
8.9.2.2. Verify with the Off-Site Commander that the appropriate response and control procedures are being implemented to ensure the safety of on-site personnel and the public;
8.9.2.3. Review all government notifications with the Off-site Commander; and
8.9.2.4. Oversee field response activities and verify the ongoing emergency status. Provide direction and support when required or requested.

8.9.3. Level 2 Emergency
8.9.3.1. Continue the Level 1 Emergency duties, and the following:
8.9.3.1.1. Fully activate the Corporate Emergency Response Plan;
8.9.3.1.2. Set up the Command Center at the Frisco office. Install additional phone lines and/or computer terminals as the Center, if required;
8.9.3.1.3. Inform and review the incident with the receptionist to ensure this individual is certain of where all incoming calls must be directed for follow up. Inform the receptionist no comments should be given to any callers regarding status of the incident;
8.9.3.1.4. Contact the President and assist the president with media relations. Contact the NM OCD and request assistance from the respective government in preparation of a media release, if required;
8.9.3.1.5. Contact the appropriate engineer for the area where the incident is occurring and have them locate to the Command Center;
8.9.3.1.6. Contact senior corporate officers and advise them of the situation; and

8.9.3.1.7. Notify Legal counsel.

8.9.4. Level 3 Emergency

8.9.4.1. Continue with the Level 2 Emergency duties, and the following:

8.9.4.1.1. Contact upper management and advise them of the situation;

8.9.4.1.2. Maintain communications with the government emergency operations centers, if established;

8.9.4.1.3. Send a designated company employee to the government Consequence Management Operations Center (COMOC), if established;

8.9.4.1.4. Co-ordinate Next-of-Kin notification of a fatality, in person with the designated police or department of public safety representative

8.9.4.1.5. Once the incident is considered complete, downgrade the emergency as noted in Section 5.1.2;

8.9.4.1.6. Debrief local emergency response personnel;

8.9.4.1.7. Review emergency response and document areas of improvement; and

8.9.4.1.8. Ensure all emergency response information is documented and file accordingly for retention for easy access, if needed, at a later date.

8.10. Corporate Spokesperson Duties

8.10.1. In the event of an emergency, the President will prepare an information release to identify the emergency situation and appropriate response to be taken by Company. Each news release will be focused on obtaining information as per the Information Dissemination noted in Appendix 7 – Information Disseminated to the Public at the Onset and During an Incident. As new additional information is available the President will disclose the information in a timely manner to the public, press and other pertinent audiences.

8.11. Receptionist Emergency Duties

8.11.1. In the event of an emergency, the receptionist may be the first point of contact at the Frisco and field offices. The receptionist should follow these instructions in an emergency situation:

8.11.1.1. Document all incoming phone calls with name of caller, time of call, location of caller and the details of their conversation;

8.11.1.2. Direct all calls to the Corporate Emergency Response Commander or the Off-Site Commander;

8.11.1.3. Immediately report any problems to the Corporate Emergency Response Commander or the Off-Site Commander; and

8.11.1.4. Under no circumstances should any information be given out regarding the incident unless it is an authorized statement from the President or Corporate Emergency Response Commander.

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8.12. Return of Evacuees

8.12.1. The Evacuation Coordinator shall notify all persons previously requested to evacuate that an emergency conditions no longer exists and all persons may return.

8.12.2. Company shall provide transportation and assistance where required and instructions to residence who have expense claim re-imbursement questions.

9. SITE SPECIFIC INCIDENT RESPONSES

9.1. Minor Spill

9.1.1. The Operator must conduct the following:

9.1.1.1. assess the spill situation to determine the source and the degree of hazard potential (i.e. vapor release, chemical reaction, corrosiveness, flammability);

9.1.1.2. shut in the source of the spill, if possible;

9.1.1.3. determine the flow rate of the gas release or volume of substance spilled; and

9.1.1.4. contact and inform the On-Site Emergency Commander and provide the incident details.

9.1.1.5. The On-Scene Commander must conduct the following:

9.1.1.6. take appropriate action in the event of an injury or fatality by assessing the situation, applying appropriate recourse and conducting the proper emergency agents;

9.1.1.7. confirm the spill source, spill material and the volume of the spill;

9.1.1.8. if required, organize response team and contain LVP (not HVP liquid spills) liquid spill by using trenches, bell holes, straw bales, booms, blocking culvert openings and implement the proper clean up with absorbent material and vacuum truck equipment; and

9.1.1.9. ensure spill recovery efforts are complete.

9.1.2. The HSE Coordinator must conduct the following:

9.1.2.1. complete the Incident Report and contact Company management, if necessary, regarding report details;

9.1.2.2. contact authorities immediately (within 12 hours); refer to Section 4 – State Emergency Contacts;

9.1.2.3. don personal protective equipment to investigate the spill; and

9.1.2.4. ensure spill is contained properly.

9.2. Major Spill

9.2.1. The operator must conduct the following:

9.2.1.1. take appropriate action in the event of an injury or fatality; refer to Section 9.4 - Injury Response;

9.2.1.2. shut in the source and any operating equipment or processes that maybe affecting the spill release issue; for HVP liquid spills attempt to dissipate the liquid and isolate the area and DO NOT attempt to contain the HVP liquid spills; and

9.2.1.3. contact the On-Scene Commander person; refer to Appendix 10 – Key Roles and Responsibilities.

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9.2.1.4. The On-Scene Commander must conduct the following:
9.2.1.5. confirm the identification and volume of the spill and the containment of the spill. The spill should be contained by using trenches, bell holes, straw bales, booms, blocking culvert openings and absorbent material;
9.2.1.6. proceed with the Crisis Communication Schedule (refer to Section 10 – Crisis Communication Schedule);
9.2.1.7. contact Authorities (refer to Section 4 – Local, State and Federal Emergency Contacts): and
9.2.1.8. organize the response team for cleanup.
9.2.2. The HSE Coordinator must conduct the following:
9.2.2.1. continue the Communication Schedule (refer to Section 10 – Crisis Communication Schedule)
9.2.2.2. notify residents of crisis, if applicable;
9.2.2.3. complete the Incident Report and Spill Report and contact management if necessary;
9.2.2.4. put on the necessary personal protective equipment;
9.2.2.5. confirm containment of the spill or leak with the appropriate equipment; and
9.2.2.6. monitor recovery of the spill being cleaned up.

9.3. Fire Response
For any potential of fire or explosion, ensure that IRP 18: Fire and Explosion Hazard Management recommendations are observed.

9.3.1. Minor Fire
9.3.1.1. The operator should:
9.3.1.1.1. shut down equipment in location of fire, if possible;
9.3.1.1.2. attempt to extinguish fire with available extinguishers;
9.3.1.1.3. if needed, call for help from available personnel to help extinguish fire;
9.3.1.1.4. contact Site Emergency Contact; and
9.3.1.1.5. if fire is out of control then evacuate site immediately.

Note: Do not attempt to extinguish truck containers, vessels, or tanks.

9.3.1.2. The On-Scene Commander shall:
9.3.1.2.1. assess the situation to determine if authorities are required;
9.3.1.2.2. if required, organize a response team to extinguish the fire;
9.3.1.2.3. take appropriate action in the event of an injury or fatality; and
9.3.1.2.4. organize a Response Team, if necessary.
9.3.1.3. The HSE Coordinator shall:
9.3.1.3.1. complete the Incident report and contact management;
9.3.1.3.2. contact authorities within 12 hours;
9.3.1.3.3. don protective equipment to assess the situation; and
9.3.1.3.4. assist with On-Scene Commander duties.

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9.3.2. Major Fire/ Explosion
9.3.2.1. The On-Scene Commander shall:
9.3.2.1.1. initiate evacuation Plan (refer to Section 11 – Evacuation Plan);
9.3.2.1.2. take action in the event of an injury or fatality;
9.3.2.1.3. organize a response team, if required;
9.3.2.1.4. contact authorities;
9.3.2.1.5. proceed with Crisis Communication Schedule (Section 10); and
9.3.2.1.6. preserve and protect the accident site until investigation is complete and the emergency is secure.
9.3.2.2. The HSE Coordinator shall:
9.3.2.2.1. continue the Crisis Communication Schedule (Section 10);
9.3.2.2.2. notify area residents of crisis if the event is classified as an emergency, if required (refer to Section 6 – Assessment Matrix for Classifying Incidents);
9.3.2.2.3. complete Incident report and contact management, if necessary;
9.3.2.2.4. don personal protective equipment, if required;
9.3.2.2.5. ensure operating equipment and/or processes is shut down;
9.3.2.2.6. ensure the scene is secure; and
9.3.2.2.7. confirm all necessary power shut off.

9.4. Injury Response

9.4.1. Minor Injuries
9.4.1.1. The On-Scene Commander shall:
9.4.1.1.1. organize a response team;
9.4.1.1.2. contact authorities (refer to Section 4.2 - Emergency Authorities Contact List);
9.4.1.1.3. contact crisis communication schedule (refer to Section 10 – Crisis Communication Schedule);
9.4.1.1.4. ensure unobstructed access for emergency response personnel;
9.4.1.1.5. receive and direct emergency response personnel to the accident site; and
9.4.1.1.6. preserve and protect the accident site until investigations are complete. The HSE Coordinator shall:
9.4.1.1.7. continue the Crisis Communication Schedule;
9.4.1.1.8. notify injured person's family;
9.4.1.1.9. complete the Incident Report and contact management if necessary;
9.4.1.1.10. put on the necessary personal protective equipment and first aid equipment;
9.4.1.1.11. ensure of arrange to shut down operating equipment and/or processes in location of injured person or persons;
9.4.1.1.12. if required, contain source of leak or extinguish small fires; and
9.4.1.1.13. move injured person or persons to safety and start first aid treatment.

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9.4.2. Major Injuries or Fatality(s)
9.4.2.1. The On-Scene Commander shall:
9.4.2.1.1. organize a response team;
9.4.2.1.2. contact Authorities (refer to Section 4.2 - Emergency Authorities Contact List);
9.4.2.1.3. follow the Crisis Communication Schedule (refer to Section 10);
9.4.2.1.4. preserve and protect the accident site until the investigations are complete;
9.4.2.1.5. receive and direct the emergency response personnel to the accident site; and
9.4.2.1.6. continue with the Crisis Communication Schedule, if needed.

Note: As appropriate, State, City or County Police to be notified immediately. ONLY a member of these organizations will notify family members in the event of fatality.

9.4.2.2. The HSE Coordinator shall:
9.4.2.2.1. put on the necessary personal protective equipment;
9.4.2.2.2. shut down equipment and/or processes in location of the fatality;
9.4.2.2.3. if required, contain source leak or extinguish the small fire;
9.4.2.2.4. do not move person or persons, if it is not necessary; and
9.4.2.2.5. Complete Incident Report and notify management, if necessary.

9.5. H2 S or Gas Release, LEL Condition
9.5.1. Upon discovery of a release, staff is to acknowledge and react immediately to the release condition.
9.5.2. The individual who initially acknowledges the release should sound the on-site alarm, if available, to notify other staff on location.
9.5.3. All persons are to take appropriate action and clear the work area and proceed to the meeting point upwind away from the hazardous area.
9.5.4. Conduct a head count to ensure everyone is accounted for at the meeting point.
9.5.5. If all are not accounted for, then:
9.5.5.1. 2 persons are to gather self-contained breathing apparatus.
9.5.5.2. One individual dons the equipment and goes back into the site, if safe to do so; and the other individual stays back at the meeting point as a back up, monitoring the individual going back into the site.
9.5.5.3. Upon rescue of all personnel the following steps must be completed:
9.5.5.4. contact the On-Scene Commander and provide details regarding the incident (i.e. wind direction, H2S concentration, any fires, worker injuries and/or fatalities); and
9.5.5.5. discuss ignition of the gas release source with the On-Scene Commander.
9.5.6. The On-Scene Commander shall:
9.5.6.1. take appropriate action in the event of an injury or fatality;
9.5.6.2. organize a response team, if necessary;

9.5.6.3. contact Authorities, if required (refer to Section 4.2);
9.5.6.4. proceed with Crisis Communication Schedule, if required; and
9.5.6.5. protect the incident site until investigations are complete.
9.5.7. The HSE Coordinator shall:
9.5.7.1. continue the Crisis Communication Schedule, if required;
9.5.7.2. notify residents of crisis, if required;
9.5.7.3. complete the Incident Report and contact management, if necessary;
9.5.7.4. put on the necessary personal protective equipment;
9.5.7.5. ensure or arrange to shut down operating equipment and/or processes, if possible;
9.5.7.6. ensure source of leak is contained; and
9.5.7.7. monitor site and surround area outside of site.

9.6. Well Kick

9.6.1. The drilling crew should proceed with the blowout prevention procedures they have been trained on if a kick should result. Any well kicks should be circulated out when safe to do so.
9.6.2. The On-Site Supervisor should be notified of the kick immediately by the rig crew (Derrick man).

9.7. Major Property Damage

9.7.1. The Operator Shall:
9.7.1.1. shut down operating equipment and/or processes in the affected area, if safe to do so;
9.7.1.2. stay clear of effected area; and
9.7.1.3. contact On-Site Commander personnel (refer to Section 8.2 – Responsibilities of Personnel).
9.7.1.4. The On-Scene Commander contact shall:
9.7.1.5. take appropriate action in the event of an injury or fatality (refer to Section 9.4.2); and
9.7.1.6. organize the response team to stabilize effected area to allow for continued operation, if possible.
9.7.2. The HSE Coordinator Shall:
9.7.3. cordon off affected area until repair can be made;
9.7.4. complete the Incident Report and contact management, if necessary;
9.7.5. put on the necessary personal protective equipment; and
9.7.6. help with stabilizing the affected area.

9.8. Natural Disasters

9.8.1. Lightning Storm
9.8.1.1. Prepare:
9.8.1.1.1. shut down equipment and processes if working outside.
9.8.1.2. Action:
9.8.1.2.1. during an electrical storm, work activity (i.e. yard work) immediately around the equipment should be temporarily stopped until danger has passed.

9.8.2. Tornado Warnings
9.8.2.1. Prepare:
9.8.2.1.1. shut down equipment processes.
9.8.2.2. Action:
9.8.2.2.1. in the event of a public announced tornado watch, the site staff is to be notified by the site supervisor. Work activities to be conducted in recognition of short notice stoppage;
9.8.2.2.2. in the event of a public announced tornado warning employees are to take cover. Find a building and move to the center where there are no windows present; and
9.8.2.2.3. off duty staff should not go to the site to notify staff of a possible tornado in the immediate area.

9.8.3. Flood
9.8.3.1. Prepare:
9.8.3.1.1. empty out or reduce tanks of oil and fill tanks with water;
9.8.3.1.2. empty sumps and underground tanks;
9.8.3.1.3. shut off power to site shacks;
9.8.3.1.4. move all sensitive equipment on the floor by at least 2 feet; and
9.8.3.1.5. secure the site.
9.8.3.2. Action:
9.8.3.2.1. close front gate; and
9.8.3.2.2. evacuate to safe area.

9.8.4. Grass/Forest Fires
9.8.4.1. Prepare:
9.8.4.1.1. contact fire department to protect the site equipment from the fire;
9.8.4.1.2. secure site upon announcement of the warning/alert;
9.8.4.1.3. ensure no open hydrocarbons are left on site;
9.8.4.1.4. close any tank lid hatches, if applicable; and
9.8.4.1.5. shut down the equipment and processes.
9.8.4.2. Action:
9.8.4.3. Evacuate employees to nearest safe area.

9.8.5. High Winds or Hail Storm
9.8.5.1. Prepare:
9.8.5.1.1. secure light objects and equipment; and
9.8.5.1.2. protect equipment.
9.8.5.2. Action:
9.8.5.2.1. take cover.

9.8.6. Earthquake
9.8.6.1. Action:
9.8.6.1.1. If you are indoors and the earthquake is apparently sizable then drop down to the floor and take cover under a sturdy desk, table or other furniture. Hold on to it and be prepared to move with it. Hold the position until the ground stops shaking and it is safe to move. Stay clear of the windows or heavy furniture, appliances or equipment that may fall over on to you. Stay inside to avoid being injured by falling glass or building parts.
9.8.6.1.2. If you are outside:
9.8.6.1.3. get into the open and away from buildings and power lines. If you are driving:
9.8.6.1.4. stop if it is safe but stay inside your car. Stay away from bridges overpasses and tunnels. Move your vehicle as far out of the normal traffic as possible. Avoid stopping under trees, light posts, power lines and signs;
9.8.6.1.5. if you are in a mountainous area or near unstable slopes or cliffs be alert for falling rock and other debris that could be loosened by the earthquake; and
9.8.6.1.6. if you are near a large body of water move quickly to higher ground or several hundred yards inland.

9.8.7. Plane Crash
9.8.7.1. Action:
9.8.7.2. call 911; and
9.8.7.3. evacuate to the muster point. It will be determined at that time if evacuation of the area is needed. Airport officials will initiate their Emergency Response Plan.

9.8.8. Bomb and Terrorist Threats
9.8.8.1. Consider all bomb and terrorist threats seriously.
9.8.8.2. Action:
9.8.8.2.1. If a threat is received by phone call then conduct the following:
9.8.8.2.2. listen carefully and keep the caller talking while someone else is instructed to call 911;
9.8.8.2.3. record as much information as possible;
9.8.8.2.4. do not hang up the call after the caller hangs up;
9.8.8.2.5. shut in the facility that is suspect;
9.8.8.2.6. evacuate all persons from the site or office that is targeted; and
9.8.8.2.7. notify the On-Scene Commander of a Level 3 Bomb or Terrorist Threat.

10. CRISIS COMMUNICATION SCHEDULE

10.1. In the event of an emergency, the emergency contact must notify the people in Appendix 1.

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10.2. The person being notified will discuss the situation with the person providing notice and this individual will jointly decide if the notification process shall escalate and who will be responsible for proceeding with further notification.

11. EVACUATION PLAN

11.1. Company will set up their reception center as indicated in Section 8.1 - Reception Center.
11.2. In the event of an emergency that requires evacuation, all employees, customers, visitors and
11.3. contractors must immediately leave the work site and report to the site evacuation muster point.
11.4. At the entrance of the site will be the location of the muster point at each well location.
11.5. The site evacuation muster point will be posted at the main facility. In the event of an alarm or announcement of evacuation.

11.5.1. The On-Scene Commander shall:
11.5.1.1. take all work permits, if necessary;
11.5.1.2. move to the entrance of the site and report to the Site Supervisor;
11.5.1.3. account for all site personnel;
11.5.1.4. organize a response team, if required;
11.5.1.5. contact Authorities, if required (refer to Section 4.2 - Emergencies Authorities Contact List); and
11.5.1.6. proceed with Crisis Communication Schedule, if required (refer to Section 10 – Crisis Communication Schedule).

11.5.2. The Employees shall:
11.5.2.1. advise all visitors, customers and contractors of alarm, if possible;
11.5.2.2. shut down operating equipment and/or processes, if possible; and
11.5.2.3. report to the front site entrance on location.

Note: No person shall be allowed to return to his or her respective work areas until, and “all clear” has been given by the On-Site Emergency Contact or designate.

12. TRAINING AND PRACTICE DRILLS

All employees will receive orientation on their first day of being on location. All training records will be filed in an employee file by the HSE Coordinator.

12.1. Personnel Training

12.1.1. Appropriate personnel will have the following training:
12.1.2. H2S Basic End-User training in accordance with ANSI Z-390.1 (Latest Revisions)
12.1.3. CPR/First Aid
12.1.4. Confined Space

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12.1.5. Lockout-Tagout
12.1.6. SafeLand®
12.1.7. Hazard Communications
12.1.8. Incipient Firefighting
12.1.9. Hazard Recognition / Reporting
12.1.10. Review of all company Safety Policies, Rules and Safe Work Procedures.
12.1.11. Complete orientations of the vehicle that will be assigned to them.
12.1.12. Personal protective equipment for their particular job duties obtained.
12.1.13. Defensive Driving.

12.2. Practice Exercises and Drills

12.2.1. Exercises
12.2.1.1. Exercises will be conducted at least once every (12) months. These exercises may be of significant scope involving appropriate outside agencies (minimum telephone contact to verify emergency contact numbers). The scenarios for the exercises will be both relevant and realistic based on current activities.
12.2.1.2. Each exercise will be reviewed upon completion for the effectiveness of the planned response(s). The minutes of the review will be recorded at a safety meeting and the findings will have action items assigned and follow up will be documented.

12.2.2. Drills
12.2.3. Fire drills/ site evacuation planning will be carried out at least (6) months prior to the first on- site safety meeting and at the first on-site safety meeting. Each drill will be reviewed for effectiveness of planning and execution and the review will be recorded in the minutes of the meeting. Any action plans arising from this review will be recorded and implemented.

13. PLAN EVALUATION AND UPDATES

13.1.1. Based on actual Incident Reports and practical drills, revisions of the plan will be conducted, reviewed and implemented. Amendments will be dated in the appropriate manuals and improvements will be reviewed with personnel.
13.1.2. Note that Public and Local Authority Involvement in Emergency Preparedness and Response can be triggered after a plan evaluation or a specific situation.
13.1.3. Refer to Appendix 13 for Public and Local Authority Involvement Triggers.

14. WATER SUPPLY FOR FIRE DEPARTMENT

14.1. Water trucks from the site operation must be notified of any fire at the time in order to be on standby in order to be utilized for the water demands to put the fire out. Trucks must be within a half hour of response time from the location while the fire is occurring to be efficient in supporting the fire department on site.

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APPENDIX 1 – COMPANY CONTACTS

- President and CEO: Lance Taylor
- Operations: William McMann
- Operations: Scott Stedman
- Health, Safety and Environment Consultant: Timothy Wells

24-Hour Emergency Phone Number: 469-998-8799

- Head Office / Mailing Address: 2595 Dallas Parkway, Suite 310 Frisco, TX 75034
- Head Office Phone Number: 469-998-8799

Table A1–1. Company Contacts

Name	Position	Phone Number
Lance Taylor	CEO/President	469-998-8790
William McMann	Executive Vice President Engineering	469-998-8741
Scott Stedman	Executive Vice President Development	469-998-8701
Timothy Wells	HSE Consultant	281-408-4262

Table A1–2. Company Emergency Contacts

Task	Name	Phone Number	E-mail
Public Affairs/Media Liaison	Lance Taylor	469-998-8790	lance.taylor@virtus-ep.com
Potential or Existing Emergency Main Contact	William McMann	817-313-5668	william.mcmann@virtus-ep.com
Health Safety & Environment (HSE) Consultant	Timothy Wells	832-797-9144	twells@stss-i.com
24 Hour Emergency		469-998-8799	

APPENDIX 2 – COMPANY ORGANIZATIONAL CHART

- Lance Taylor, CEO/President
  - William McMann, Executive Vice President Engineering
  - Scott Stedman, Executive Vice President Development

APPENDIX 3 – COMPANY CURRENT SUMMARY OF WELLS AND FACILITIES - RECEPTION CENTER

The following well locations in New Mexico:

- None

The following facilities locations in New Mexico:

- None

Offices:

- 2595 Dallas Parkway, Suite 310, Frisco, TX 75034

Reception Centers:

- LH Operating Field Office, 32.819731, -103.898360

APPENDIX 4 – COMPANY CURRENT SUMMARY OF PIPELINES

The following pipelines in New Mexico:

- None

APPENDIX 5 – NM OCD FIELD OFFICE CONTACTS

Table A5–1. NM OCD Field Centers Contact Information

- Artesia
  - 506 W. Texas, Artesia, NM 88210
  - Telephone: 505-629-6116 or 505-570-8745 (emergency)

APPENDIX 6 – EMERGENCY AUTHORITIES CONTACT INFORMATION

Table A6–1. Emergency Authorities Information

Emergency Authority	Location	Phones
NM Environment Department	Santa Fe, NM	505-827-2855
Local Emergency Dispatch	Eddy, NM	575-616-7155/911
Eddy County Emergency Services	Eddy, NM	575-628-5454/911
Eddy County Sheriff's Office	Carlsbad, NM	575-887-7551/911
Eddy County Sheriff's Office	Artesia, NM	575-746-9888/911
Eddy County Fire Service	Carlsbad, NM	575-628-5450/911
State Emergency Management	Santa Fe, NM	505-476-9600
Poison Control Central	All, NM	800-222-1222
Hospital	Artesia, NM	575-748-3333

EMERGENCY RESPONSE PLAN/CONTINGENCY PLAN

APPENDIX 7 – INFORMATION DISSEMINATED TO THE PUBLIC AT THE ONSET AND DURING AN INCIDENT

Table A7–1. Information Disseminated to the Public

To those evacuated or sheltered-at the onset

- type and status of the incident
- description of the products involved and their short-term and long-term effects
- location and proximity of the incident to people in the vicinity
- effects the incident may have on people in the vicinity

To those evacuated or sheltered-during

- public protection measures to follow, evacuation instructions, and any other emergency response measures to consider
- areas impacted by the incident
- Actions being taken to respond to the situation, including anticipated time period

Contacts for additional information

- 469-998-8799

Actions the affected public should take if they experience adverse effects

- Contact 469-998-8799

To the general public – during

- type and status of the incident
- location of the incident
- areas impacted by the incident
- description of the products involved
- contacts for additional information
- actions being taken to respond to the situation, including anticipated time period

APPENDIX 8 – INCIDENT RESPONSE CLASSIFICATION

Table A8–1. Possible Responses for Specified Incidents

Emergency	Responses	Communications: Internal	External public	Media	Government
	Alert	Discretionary, depending on company policy.	Courtesy at company discretion.	Reactive, as required.	Notify NM OCD if public contacted.
	Level 1	Discretionary, depending on company policy.	Mandatory for individuals within the EPZ requiring notification.	Reactive, as required.	Notify NM OCD and local authority, if required for initial response. Notify NM OCD and local authority.
	Level 2	Immediate notification of off site management.	Planned and instructive as per the specific ERP.	Proactive-media management to local or regional interest.	Notify NM OCD and local authority.
	Level 3	Immediate notification of off-site management.	Planned and instructive as per the specific ERP.	Proactive-media management to national interest.	Notify NM OCD and local authorities.

EMERGENCY RESPONSE PLAN/CONTINGENCY PLAN

Actions: Internal
On site, as required by company.
On site, as required by company. Initial response undertaken in accordance with the specific or corporate-level ERP.
Predetermined public safety actions are under way. Corporate management team alerted and maybe appropriately engaged to support on-scene responders.
Full implementation of emergency management system.

External
On site, as required by company.
On site, as required by company.
Potential for multi- agency (operator, municipal, state or federal) response.
Immediate multi-agency (operator, municipal, state, or federal) responses.

Resources: Internal
Immediate and local. No additional personnel required.
Establish what resources would be required.
Limited supplemental resources or personnel required.
Significant incremental resources required.

External
None.
Begin to establish resources that may be required.
Possible assistance from government agencies and external support services, as required.
Assistance from government agencies and external support services, as required.

EMERGENCY RESPONSE PLAN/CONTINGENCY PLAN

APPENDIX 9 – ASSESSMENT MATRIX FOR CLASSIFYING INCIDENTS

Table A9–1. Assessment Matrix for Incidents
* What is the likelihood that the incident will escalate, resulting in an increased exposure to public health, safety, or the environment?

Table 2. Likelihood of incident escalating*

Rank Description

1 Unlikely
The incident is contained or controlled and it is unlikely that the incident will escalate. There is no chance of additional hazards. Ongoing monitoring required.

2 Moderate
The Control of the incident may have deteriorated but imminent control of the hazard by the licensee is probable. It is unlikely that the incident will further escalate.

3 Likely
Imminent and/or intermittent control of the incident is possible. The licensee has the capability of using internal and/or external resources to manage and bring the hazard under control in the near term.

4 Almost certain or currently occurring
The incident is uncontrolled and there little chance that the licensee will be able to bring the hazard under control the near term. The license will gain assistance from outside parties to remedy the situation.

EMERGENCY RESPONSE PLAN/CONTINGENCY PLAN

APPENDIX 10 – COMPANY KEY ROLES AND RESPONSIBILITIES

Table A10–1. Key Roles and Responsibilities

Role
Personnel Contact
Alternative Contact

Field On-Scene (Site) Commander
Field Operator 1
Field Operator 2

Off-Site Commander
Field Operator 3
Field Operator 4

Consequence Management Operations Center (COMOC) Corporate Commander
Lance Taylor

Company Command Center - Emergency Commander
William McMann

Public Health, Safety & Env.
Coordinator (includes evacuation and sheltering duties)
William McMann

Security (roadblocks, rovers, etc.)
Field Contractor 1
Field Contractor 2

Air Quality monitoring
Field Contractor 3
Field Contractor 4

Communication Relations Personnel; Media/Public
Lance Taylor

EMERGENCY RESPONSE PLAN/CONTINGENCY PLAN

APPENDIX 11 – FIRST CALL COMMUNICATION FORM

* These fields must be completed to generate an FIS number.

FIRST CALL COMMUNICATION

OPERATION TYPE: Well License No.:
Type of Incident: __Kick __Blowout __Loss of Circulation
Well Status: __Drilling __Servicing __Producing _Injection _Suspended
__Standing __Sweet __Sour _Critical
Pipeline License No. (if applicable): Line No. _Hit _Leak _Rupture
Production Facility License No.: __Gas __Gas Plant _Compressor _Oil _Battery
__Other
AENV Approval No.:
Contractor Name: Phone:
AIR MONITORING: _Air Monitor Dispatched? _Licensee _ERCB ETA _Licensee _ERCB
Initial Readings/Location: ____PPM On Site ___PPM Off Site ___Distance
Contractor Name: Phone: AMU Phone:
Wind Direction: Meteorological Conditions:
LICENSEE:
Communications Completed By Licensee:
__AEMA _Health Region _RCMP/Police _TDG _Other
_AENV _Local Authority _Ambulance _H&S _Fire
PUBLIC DETAILS:
Public Health Issues:
Complaints:
Water Well Issues:
Worker Injuries/Fatalities:
Private Land Title Holder: Phone:
Public Land Type: _Irrigation _Forestry _Grazing _Other
Public Land Administrator Contact: Phone:
Additional Information:

FO-1-2011-02

APPENDIX 12 – EMERGENCY RESPONSE FLOWCHART

First Call:
William McMann who will then notify additional team members according to emergency.

APPENDIX 13 – PUBLIC AND LOCAL AUTHORITY INVOLVEMENT SITUATION TRIGGERS

Table A12–1. Public and Local Involvement Triggers

To be determined by William McMann and Lance Taylor

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EMERGENCY RESPONSE PLAN/CONTINGENCY PLAN

GLOSSARY

Emergency

- It is a present or imminent event outside the scope of normal operations that requires prompt coordination of resources to protect the health, safety and welfare of people and to limit damage to property and the environment.

Incident

- It is an unexpected occurrence or event that requires action by emergency personnel to prevent or minimize the impact on the safety and health of people and on property and the environment.

Definition of an Alert

- It is an incident that can be handled on site by the licensee through normal operating procedures and is deemed to be very low risk to members of the public.

Lower Explosive Limit (LEL)

- It is the lowest concentration of gas or vapor (percent volume in the air, 4.4 to 5 % for Methane) that burns or explodes if an ignition source is present at ambient temperature.

On-Site Command Post

- It is an emergency operations center established in the immediate vicinity of the incident to provide immediate and direct response to the emergency and initially staffed by company personnel.

Regional Emergency Operations Center (REOC)

- It is an operations center established in a suitable location off site near the emergency to manage the larger scale aspects of the emergency response and staffed jointly by government and industry personnel.

EMERGENCY RESPONSE PLAN/CONTINGENCY PLAN

Emergency Planning Zone (EPZ)

- It is the area surrounding a facility, pipeline or well where residents or other members of the public may be at highest risk during the early stages of an uncontrolled release of toxic materials such as H2S or explosions or fire and the area for which the licensee must have a specific emergency response plan.

Emergency Operations Center (EOC)

- It is an operations center established in a suitable location to manage the larger aspects of the emergency. In a high impact emergency there maybe a number of EOC's established to support the responses. These may include corporate EOC's (regional, headquarters), a municipal EOC, a joint off-site regional EOC and the state government consequence Management Operations Center (COMOC).

Incident Management Systems

- A system used to coordinate preparedness and incident management.

High Vapor Pressure (HVP) Pipeline

- It is a pipeline system containing hydrocarbon mixtures in the liquid or quasi-liquid state with a vapor pressure greater than 110 kpa absolute at 38 degrees Celsius. Examples would be liquid ethane, ethylene, propane, butane and pentanes plus.

Hydrogen Sulphur (H2S)

- It is a naturally occurring gas found in a variety of geological formations and also formed by the natural decomposition of organic matter in the absence of oxygen. It is colorless, dense (heavier than air) and has a rotten egg smell at low concentrations. At high concentrations it cannot be smelled.

Sulfur Dioxide (SO2)

- It is a colorless, water-soluble suffocating gas formed by burning sulfur in the air; also used in manufacture of sulfuric acid. SO2 has a pungent smell similar to a burning match.

Gas Release (Sweet or Sour)

- It is the potential for or uncontrolled flow of gas from a well, pipeline or facility affecting Company operations and/or threatening adjoining property.

Oil/Salt Water/ Chemical Spills and Releases

EMERGENCY RESPONSE PLAN/CONTINGENCY PLAN

- The potential for or actual hydrocarbon, produced water or chemical spill affecting company operations and/or threatening adjoining property and the environment.

Injuries/Fatalities and/or Vehicle Equipment Accidents

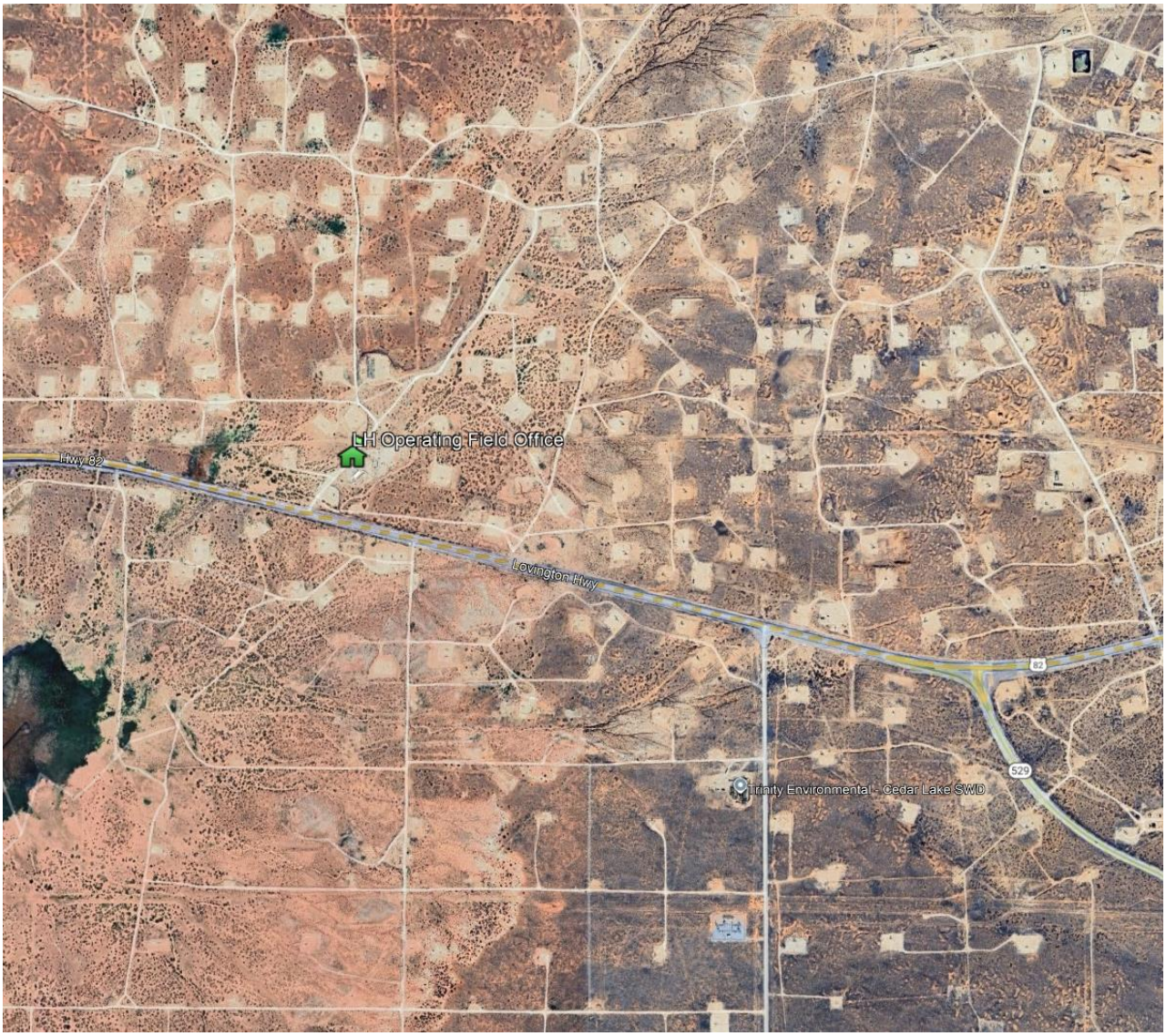
- It is any event that results or could result in loss of life, serious injury, missing personnel or causes a potential hazard to property.

Explosions and/or Fires

- It is the potential for an explosion/fire or actual explosions/fire that cannot be extinguished or controlled by readily available means and which is affecting Company operations and/or threatening adjoining property.

EMERGENCY RESPONSE PLAN/CONTINGENCY PLAN

LH Operating Field Office
32.819731, -103.898360
Highway 82
9.1 miles west of Maljamar, NM
30.5 miles east of Artesia, NM
David O'Brian 575-704-2922



Virtus Energy Operating, LLC

Skelly Unit 2H/3H Pad
H2S Contingency Plan:
Radius Map

Section 21, Township 17S, Range 31E
Eddy County, New Mexico

Pad Center

1:27,000

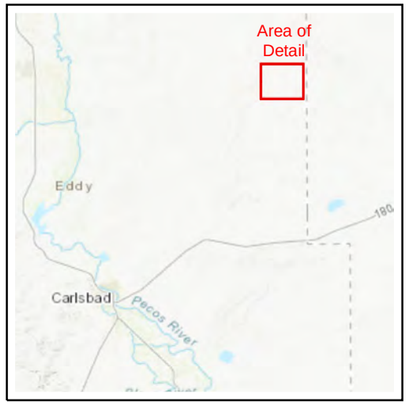
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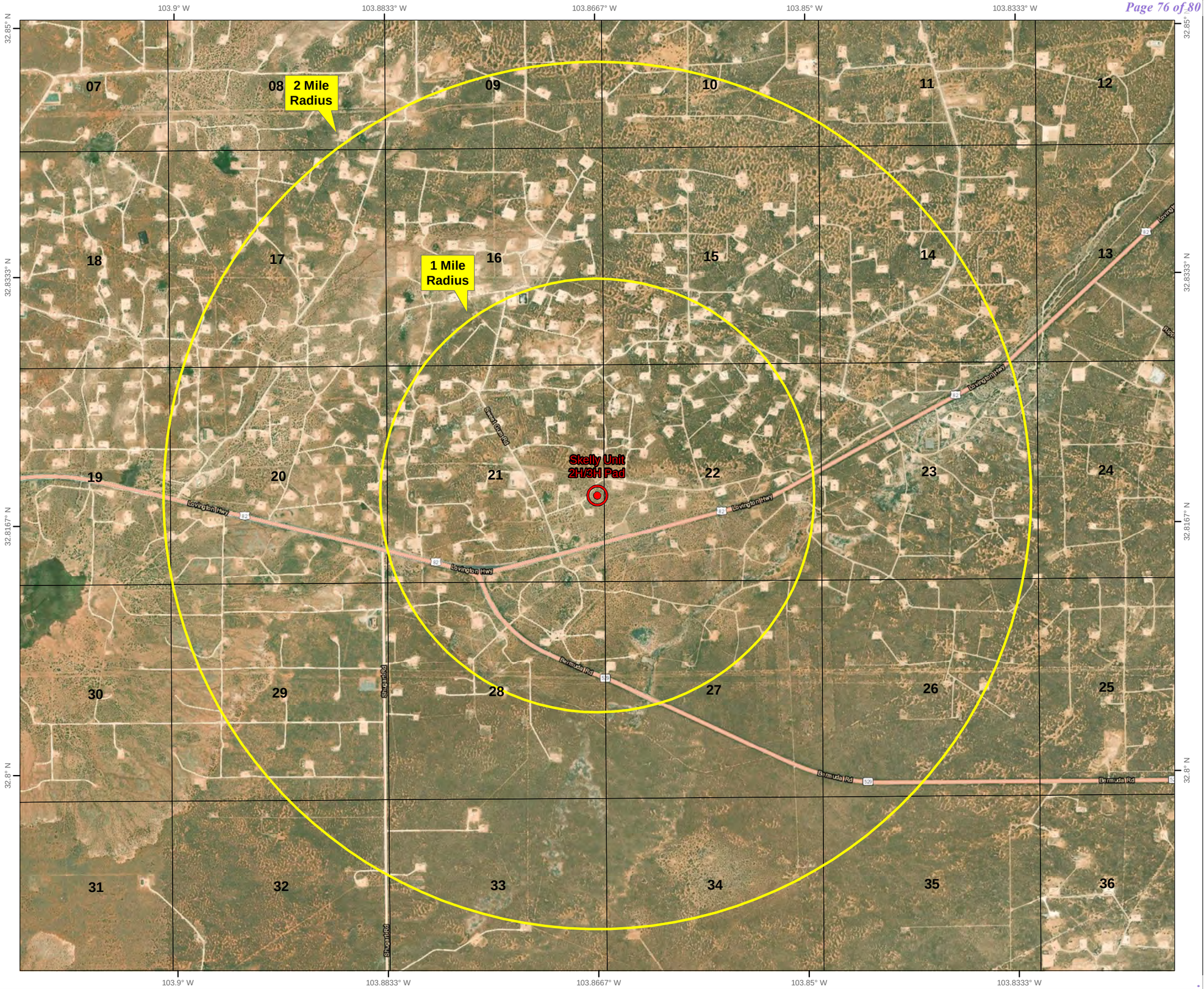
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NAD 1983 New Mexico State Plane East
FIPS 3001 Feet

PERMITS WEST

Prepared by Permits West, Inc., January 30, 2026
for Virtus Energy Operating, LLC

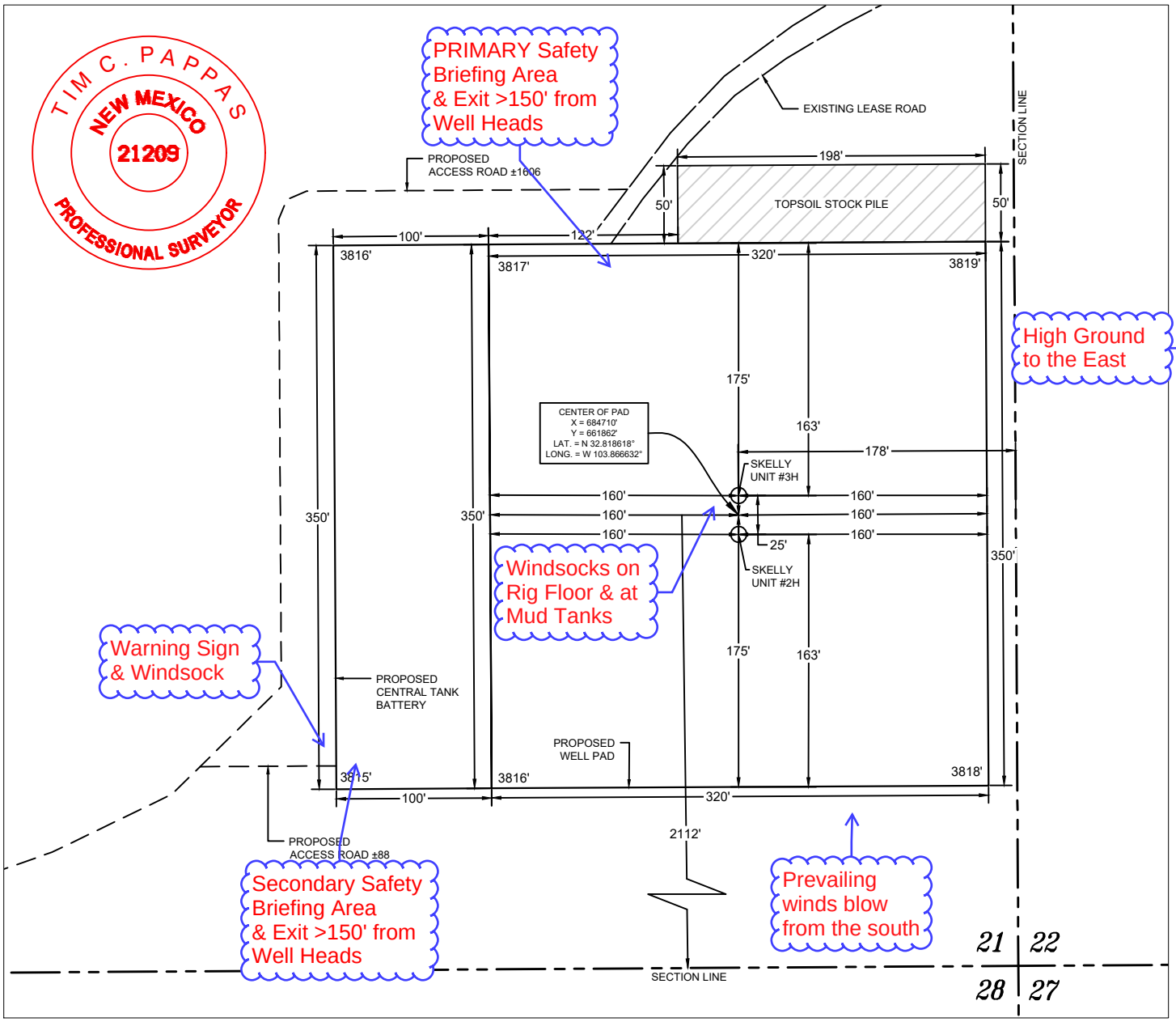




0' 100' 200'

SCALE: 1" = 100'

PAD LAYOUT



LEGEND

SECTION LINE

TOWNSHIP/RANGE LINE

PROPOSED ACCESS ROAD

LEASE NAME AND WELL NUMBER: SKELLY UNIT #2H-#3H WELL PAD
LATITUDE: N 32.818618 LONGITUDE: W 103.866632 ELEVATION: 3817'
DESCRIPTION: CENTER OF PAD IS 2112' FSL & 178' FEL

VIRTUS ENERGY OPERATING, LLC

Situated in
SECTION 21, TOWNSHIP 17 SOUTH, RANGE 31 EAST,
N.M.P.M., EDDY COUNTY, NEW MEXICO

NOTES

1. ALL COORDINATES, BEARINGS, AND DISTANCES CONTAINED HEREIN ARE GRID (U.S. SURVEY FEET), BASED UPON THE NEW MEXICO STATE PLANE COORDINATES SYSTEM, NORTH AMERICAN DATUM 83, NEW MEXICO EAST (3001), NAVD 88.

2. THIS DOCUMENT IS BASED UPON AN ON THE GROUND SURVEY PERFORMED DURING JANUARY, 2026. CERTIFICATION OF THIS DOCUMENT IS ONLY TO THE LOCATION OF THIS EASEMENT IN RELATION TO RECORDED MONUMENT OF DEEDS PROVIDED BY THE CLIENT.

I, TIM C. PAPPAS, NEW MEXICO PROFESSIONAL SURVEYOR NO. 21209, DO HEREBY CERTIFY THAT THIS PLAT AND THE ACTUAL SURVEY ON THE GROUND UPON WHICH IT IS BASED WERE PERFORMED BY ME OR UNDER MY DIRECT SUPERVISION; THAT THIS SURVEY MEETS OR EXCEEDS THE MINIMUM STANDARDS FOR SURVEYING IN NEW MEXICO; AND THAT IT IS TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF

29 January 2026

TIM C. PAPPAS, N.M. P.L.S. NO. 21209

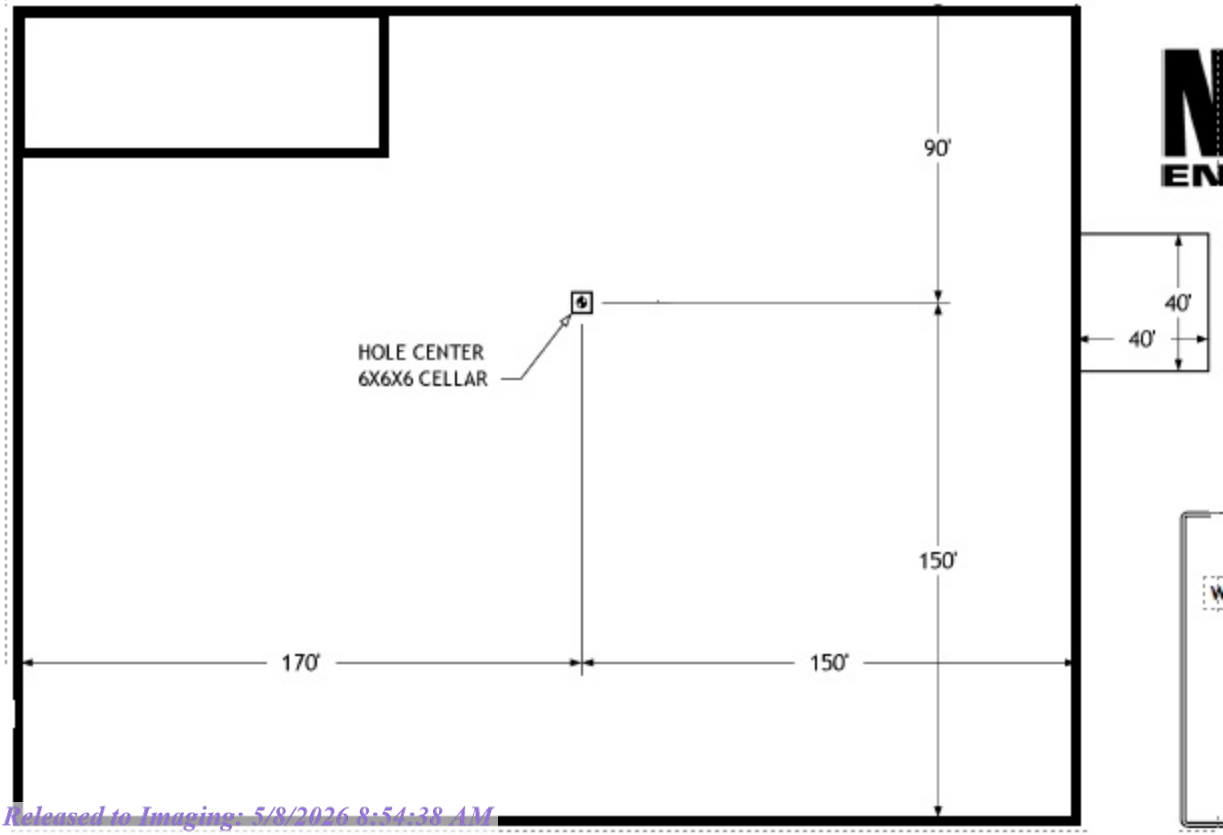
DATAPOINT
ENGINEERING · LAND SURVEYING · GIS · UAS
12400 Network Blvd. - Suite 130
San Antonio, TX 78249
Phone: 726-777-4240

DRAWN BY: KB	DATE : 01/29/2026	REV. 1
CHECKED BY: CZ	DATE : 01/29/2026	
AFE #	PROJECT ID: 25-11-6174	PAGE 1 OF 1

PLOT DATE: 1/28/2026 5:19:24 PM FILENAME: Z:\2025\VIRTUS ENERGY OPERATING, LLC\25-11-6174 - SKELLY UNIT 2H\PLATS\PADSITE\20260128\NM-SKELLY UNIT 2H-3H-PADSITE-SEC 21-T-17-S-R-31-E-BLM_R1.DWG

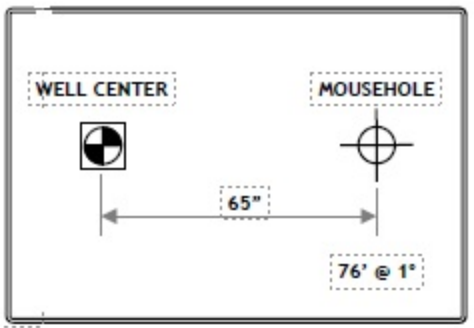
RIG 6 LOCATION PLAT

Closed Loop Solids Control Area - Tanks, Shakers, Centrifuge, Cleaners and Sensors



NORTH
PREFFERED ORIENTATION

NORTON ENERGY DRILLING



Sante Fe Main Office
Phone: (505) 476-3441

General Information
Phone: (505) 629-6116

Online Phone Directory
https://www.emnrd.nm.gov/ocd/contact-us

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

ACKNOWLEDGMENTS

Operator: Virtus Energy Operating, LLC 2595 Dallas Parkway Frisco, TX 75034	OGRID: 333789
	Action Number: 576249
	Action Type: [C-101] BLM - Federal/Indian Land Lease (Form 3160-3)

ACKNOWLEDGMENTS

☑	I hereby certify that no additives containing PFAS chemicals will be added to the completion or recompletion of this well.

Sante Fe Main Office
Phone: (505) 476-3441

General Information
Phone: (505) 629-6116

Online Phone Directory
https://www.emnrd.nm.gov/ocd/contact-us

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

CONDITIONS

Operator: Virtus Energy Operating, LLC 2595 Dallas Parkway Frisco, TX 75034	OGRID: 333789
	Action Number: 576249
	Action Type: [C-101] BLM - Federal/Indian Land Lease (Form 3160-3)

CONDITIONS

Created By	Condition	Condition Date
permitsw	Cement is required to circulate on both surface and intermediate1 strings of casing.	4/16/2026
permitsw	If cement does not circulate on any string, a Cement Bond Log (CBL) is required for that string of casing.	4/16/2026
ward.rikala	Notify the OCD 24 hours prior to casing & cement.	5/8/2026
ward.rikala	File As Drilled C-102 and a directional Survey with C-104 completion packet.	5/8/2026
ward.rikala	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.	5/8/2026
ward.rikala	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.	5/8/2026
ward.rikala	If the method of isolation was not by circulation, a CBL must be performed; if strata isolation is not achieved, then remediation will be required before further operations.	5/8/2026